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Social Fabric Frays As Russian Society Remakes Itself Days of 'Anything Goes' Break the Basic Bonds

By Celestine Bohlen

MOSCOW — After a year of political and economic turmoil, Russians have become accustomed to watching things fall apart.

It is not just a matter of crime, corruption, prostitution, smuggling, and drug and alcohol abuse, although there is plenty of evidence that these are on the rise.

Business executives, foreign and Russian, complain of contracts signed and ignored, of money paid and goods never delivered.

Moonshine, untaxed and packaged in Chivas Regal whisky bottles, is sold in street kiosks, and drivers of fuel trucks, taking advantage of long lines at gas stations, sell motorists canisters of gasoline laced with engine-fouling kerosene.

Swindles and bribes are hardly a new phenomenon in Russia. The old Communist system spawned its own kind of crime, peculiar to an economy based on shortages.

People use the word *neglas*, meaning brazen insolence, to sum up the prevailing atmosphere. Neglas applies equally to the Moscow drivers who think nothing of running red lights and to the state factory director who drives a Mercedes with government plates to a meeting where he attacks the government for failing to provide adequate subsidies to his flourishing industry.

Imported cars have become the calling cards of the new rich — both private citizens and state employees, who zip past their fellow citizens chugging along in Russian-made Zhigulis and Moskviches.

Some of the foreign cars arrive here through car-theft rings, others as part of officially sanctioned barter deals. Some are bought from Western dealerships, for staggering sums. A Porsche representative said his company had sold 20 sports coupes to Russians since May at an average price of \$112,000, or the value of 24 top-of-the-line Russian cars.

Such ostentatious wealth sets most citizens' nerves on edge, particularly doctors, teachers and scientists, whose salaries still lag behind the new average of 3,000 rubles (about \$25) a month.

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Hurricane Victims Given Food as Troop Presence Grows in Florida

National Guardsmen handing out food on Sunday in Florida City, southwest of Miami. Despite the arrival of relief supplies, survivors suffered more misery over the weekend as a storm soaked the

homeless in some areas and knocked out newly restored power. The army-led effort, which is due to have some 14,000 troops on the ground at midweek, had 8 of 20 kitchens open by Sunday. Page 5.

Maastricht Doubt Clogs West European Markets

By Carl Gewirtz

PARIS — Liquidity — the ability to sell assets readily and the ease of well-functioning financial markets — is evaporating in Western Europe.

The trading bottlenecks are creating tension, most notably in the foreign-exchange market, that are destined to continue until it becomes clear how governments will deal with the outcome of the Sept. 20 French referendum on the Maastricht treaty.

If, like the Danes in late June, the French vote "no," the current plan to create an economic and monetary union in Europe before the end of the decade will be dead. It is widely assumed that at least Italy and Britain, if not others, will use that event as a politically convenient excuse to accept a devaluation against the Deutsche mark.

Even if the French approve the treaty, doubts remain about the ability of governments — notably Italy and Britain but also France — to maintain exchange rates given the need to also keep up with the high level of interest rates imposed by

Germany as growth is slowing and unemployment is high and rising. Most of the latest French opinion polls show a small majority opposed to the treaty.

Whether financial markets fully reflect this outcome is moot. Christopher Potts, at Banque Indosuez in Paris, believes that "most of that risk is already in the market." However, Simon Crane, a London-based trading adviser to banks, as-

serts that "there's lots of positioning still to be done."

But preparing for the worst might not necessarily be the soundest strategy.

Jonathan Hoffman, at Crédit Suisse First Boston in London, drew a scenario in which French rejection of the treaty opened the way for the Bundesbank to lower interest rates and thereby preserve the European Community's existing

fixed exchange-rate mechanism, or ERM. Since German inflation has stabilized, unemployment is rising and production

Prime Minister Pierre Bérégovoy of France warns of a monetary crisis if the union treaty is rejected. Page 9. The weak dollar cuts both ways for U.S. exporters. Page 11.

and orders are stagnant, Mr. Hoffman suggests that a "no" vote in France "would remove one possible justification for high German interest rates; namely, sabotage of EMU."

He also noted that the upset in European equity markets "might be so great as to give the Bundesbank the pretext it needs, given the weak economy, for overriding strong money supply growth and easing."

Awaiting the outcome, the foreign-exchange market has become a one-way street — into the Deutsche mark. For the first time since 1990, the mark is again at the top of the ERM. Dealers say that no one currently is willing to buy lire except

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Police Clash With Thugs In Germany Over Aliens

Rightist-Led Violence Continues Near Hostels In at Least 8 Cities

Compiled by Our Staff From Dispatches

BERLIN — Rightist thugs burned down a tent city for refugees, fought with the police and fired a bullet through an Albanian family's window as Germany grappled again Sunday with a surge of racist violence.

Police agencies reported neo-Nazi attacks in at least eight cities, most of them in Eastern Germany. The attacks were a continuation of anti-foreigner outbursts in 10 cities on Saturday.

The worst incidents were in Cottbus, where about 180 extremists threw stones, bottles and gasoline bombs at police after being prevented from attacking a refugee shelter.

Attacks were also reported in Leipzig, Götting, Stendal, Schwerin, Neubrandenburg and Eisenhüttenstadt. The police, who had increased security around refugee hostels, made dozens of arrests.

About 60 neo-Nazis attacked a police car in Berlin with stones and fired flare guns.

The last week has been the most harrowing for foreigners in Germany in two years as the neo-Nazi movement — comprising mostly uneducated, apolitical youths — has systematically attacked Slavs, Africans, Arabs and Asians.

At least 26 people were arrested and a dozen injured on Sunday. Roughly 180 arrests were reported during numerous confrontations the day before.

The German counterintelligence agency said Sunday that it had set up a special unit to monitor extreme-rightist violence.

The weekend of violence was inspired by five days of attacks last week on refugee shelters and clashes with the police in the Baltic Sea port of Rostock.

On Saturday, about 13,000 people, including leftists, marched under tight security in Rostock to protest the violence. Scuffles broke out, and 90 people were arrested. Of the 399 people arrested there last week, 38 remained in custody and will face charges that include arson and attempted manslaughter.

Rostock residents, many of whom applauded the initial attacks on a hostel because, they said, the 200 Romanian Gypsies living in it had behaved apallingly, said they were being unfairly portrayed as racists.

"We have nothing against foreigners," said one pensioner. "The press exaggerated everything. You had to be here to understand the situation with the Gypsies. We don't want to have anything to do with left or right. We just want to be left in peace."

German authorities, meanwhile, may take legal action against foreign television crews accused of paying German children to give the strait-armed Hitler salute in Rostock, the police said Sunday.

A police spokesman said that the TV crews had been seen by residents and plainclothes police officers staging the salutes and handing over money before and during a largely peaceful march against racism in the city Saturday.

Officials would not identify the television organizations, but they quoted residents as having said they were U.S. and French.

The police spokesman said the crews could

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Kiosk

10 Georgians Die Fighting Rebels

TBILISI, Georgia (AP) — Georgian and Abkhazian forces clashed Sunday near the Black Sea coastal city of Gagra, leaving 10 Georgians dead and 20 wounded, Georgian reports said.

The battle broke out just hours before a cease-fire agreed to by the warring sides was to take effect. Georgia sent troops into Abkhazia earlier this month to root out supporters of the former Georgian president, Zviad Gamsakhurdia.

General News

The Karis should remain Russian, the governor of Sakhalin says. Monday Q&A. Page 2.

Hoping to take the initiative, the Clinton campaign could ditch the bus. Page 3.

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Allies Seek Iraq's Breakup, Saddam Says

By William E. Schmidt

CAIRO — The allied threat to shoot down any Iraqi aircraft that ventures below the 32d parallel drew its first personal response Sunday from President Saddam Hussein, who accused the United States and its European partners of seeking to dismember Iraq and the Arab world and seize control of its oil.

But in a broadcast speech read on his behalf by an unidentified narrator, he did not threaten to challenge the exclusion zone, nor

did he suggest that Iraq would defeat the coalition militarily.

Instead, he said the campaign would bring the allies "nothing but the indignation, anger and rejection" of the Iraqi people.

He also appealed for the patience of Iraqis, promising that the confrontation with the allies would be pursued "through the course of arms or through other courses," although he did not specify what he meant.

It was not explained why Mr. Saddam had not delivered the speech himself, as expected. Iraq has made no move to chal-

lenge allied warplanes in southern Iraq since they took control of the skies there Thursday, in what is described as Operation Southern Watch.

Earlier Sunday, Iraqi newspapers reported that tens of thousands of army deserters and infiltrators who had been hiding in the marshes of southern Iraq were coming out to surrender to Iraqi officials.

Taking advantage of what Ath Thawra, the government newspaper, described as an amnesty, large numbers of people were reported to

be giving themselves up and asking to fight the allies.

The United Nations was bracing for another confrontation with Baghdad on Monday, when a new team of weapons inspectors arrives. It will be their first trip into the country since U.S., British and French war planes began patrolling the skies over southern Iraq. The term policy on Iraq now that the coalition says the air shield is intended to protect Shiite Muslims from Iraqi air assaults.

The new weapons team is part of an ongoing UN mission to elimi-

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U.S. Plans Tougher Options for Baghdad

By John Lancaster

WASHINGTON — Anticipating that Iraq may continue attacks on Shiite Muslims in southern Iraq, the Bush administration is preparing further military options, including air strikes and the creation of a "safe haven" modeled after the sanctuary established for the country's minority Kurdish population in the north, administration officials said.

The officials described the ban on Iraqi flights imposed by the United States, France and Britain last week as a "first step" in a graduated pressure campaign against President Saddam Hussein. "But should deterrence fail," said a senior Defense Department official, "we have to look at alternative, additional steps."

Although the officials declined to offer specifics, they said the options included bombing Iraqi mili-

tary targets — not only those in the southern part of the country — and establishing a more aggressive security zone for the Shiites in which Iraqi military activity of any kind would essentially be banned.

"The north is a model," another Pentagon official said.

The officials said further that they hoped to accomplish what one described as an "ancillary" benefit of weakening Mr. Saddam's leadership and perhaps to achieve the

long-standing goal of encouraging a coup by elements of the Iraqi leader's military.

The officials' willingness to discuss their military plans in more detail reflected, in part, a desire to counter criticism that the administration had not figured out a long-term policy on Iraq now that the short-term goal of grounding Iraqi flights south of the 32d Parallel has

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A Sarajevo mechanic appealing for help Sunday as his garage burned out of control from a mortar and rocket attack.

As Gorazde Siege Ends, 7 Die in Sarajevo

By Blaine Harden

SARAJEVO, Bosnia-Herzegovina — Bosnia's armed forces said Sunday that they had broken through the Serbian siege of Gorazde, while in Sarajevo a tank shell landed in a crowded market, killing at least seven people and wounding dozens.

The reported breakthrough at Gorazde, whose 70,000 civilians have been pinned down under a ring of Serbian guns for more than 120 days, would, if verified, mark the first major victory for the outgunned defense forces of Bosnia-Herzegovina. Serbian fighters have taken control of nearly two-thirds of the republic.

The Bosnian announcement came a day after Serbian forces announced that they were lifting the siege of Gorazde voluntarily, as part of a commitment made last week at a peace conference in London.

If the Bosnian assertion is true, it would appear that the Serbs' abandoning of Gorazde was less a result of diplomatic goodwill than military necessity. Gorazde is the one major meeting of Nonaligned nations. Page 7.

Friction over Muslims in Yugoslavia may be a meeting of Nonaligned nations. Page 7.

town along the Drina River in eastern Bosnia that the Serbs have failed to overrun and "cleanse" of its Muslim occupants.

In the Sarajevo shelling, the wounded and the dead were loaded into the back of army trucks and driven away to two hospitals. The attack marked the highest death toll from a single shell since a mortar exploded next to a bread line in late May in Sarajevo's Old Town, killing 20 people. According to some reports, the death toll Sunday may have been as high as 15. Sarajevo TV showed an elderly woman,

howling in despair, sitting on a chair near the dead and dying, surrounded by blood puddles.

A wounded woman interviewed by Sarajevo said: "I was waiting for bread since 7 this morning when I saw the round fall. I couldn't breathe. Dead people fell next to me."

Stepped-up Serbian shelling of civilian targets in this city, with a daily death toll in the last week of 15 to 25, appears to be a response to a week-old Bosnian government offensive to break loose from the five-month siege of the capital. That offensive appears to have made significant gains northwest of the city. In addition to Bosnian assertions of progress, the government-controlled media in Serbia, which normally report only on victories by Serbian forces, have mentioned heavy fighting in recent days between Serbian and Bosnian fighters in

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Shanghai Coins a Word for 'Fat Cat'

By Nicholas D. Kristof

SHANGHAI — James Shen is a tall, well-dressed 29-year-old who for the last five years has lived the Chinese dream: He has worked abroad for a Western company, earning a Western salary.

So when Mr. Shen, who sells flame-retardant chemicals for a British company, returned to his native Shanghai this month to visit friends, he had a rude surprise. "I'd worked abroad, so I figured I was rich," he said over breakfast in the \$105-a-night hotel where he is staying. "But I came

back and discovered that I was poor. There are so many rich people here now, so many millionaires."

A dozen years of some of the highest economic growth rates in the world have nurtured the re-emergence in China of the super-rich, a class that the Chinese masses used to struggle against and now struggle to join.

The average monthly salary in China may be less than \$35 at the official rate of exchange, but for anyone who thinks of this as a nation of impoverished peasants wading in rice paddies, it is a shock to inspect the

gleaming counters of Shanghai's Glorious Clock and Watch Shop.

"With consumer standards rising, we're planning to sell Rolaxes soon," said Shi Quanghai, the middle-aged assistant manager of the shop, as he sneaked a disapproving glance at an American visitor's plastic digital watch. "A lot of other shops already have Rolaxes."

Mr. Shi said he was already doing a brisk business selling Radio watches from Switzerland, which cost as much as \$3,000. The

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WORLD BRIEFS

View From Sakhalin: Kuril Islands Should Remain Russian

A long and bitter dispute over ownership of the Kuril Islands will be a major issue when President Boris N. Yeltsin of Russia visits Tokyo from Sept. 13 to 16. On a trip to Wellington recently, Valentin Fedorov, governor of the Sakhalin region of Russia, discussed the problem with Michael Richardson of the International Herald Tribune.

Russia is normalized. You cannot conduct optimum negotiations from a position of weakness.

Q. What approach should Russia take in negotiating with Japan over the four disputed islands, which the Japanese call the Northern Territories?

MONDAY Q&A

A. The Kuril Islands belong to Russia and should remain Russian. We are prepared to negotiate. However, Japan should admit that this is the sort of question that Russia does not have to discuss at all.

Q. Weren't the islands seized from Japan at the end of World War II by Soviet forces?

A. That is true. But it is only one fact. In the 18th century, the islands belonged to Russia. Under an 1855 agreement, they were ceded to Japan by czarist Russia. The northern Kurils remained with Russia; the southern Kurils went to Japan. It reflected the correlation of forces and the imperialist policy of both countries. It happened because Japan was

stronger than Russia and could take unilateral action.

In 1904, Japan attacked the Russian fleet in violation of the 1855 agreement and a subsequent treaty in 1875. That was our Pearl Harbor.

Q. How should the dispute over the Kurils be settled?

A. We inherited this matter from the past. You cannot review boundaries. You have to do away with boundaries. I have suggested that to Japan. I have also suggested that we have visa-free travel, free trade and cross-investment between Sakhalin and Hokkaido. But the Japanese side refused.

We should develop economic cooperation and relationships that integrate Japan and the Russian Far East. That would be the basic foundation for a good and healthy relationship. I admire Japan and think that we have a lot to learn from the Japanese. They have earned their position in the world by working very hard. But I cannot agree to chopping off part of Russian land.

Q. If Moscow presses ahead with a

deal that would return the four disputed islands to Japan in stages, what would the reaction be in Sakhalin?

A. It would be unlawful for Moscow to do that and there would be a negative reaction. Such an act would never be validated, because under the Russian Constitution, changes in the territory or boundaries of the regions can be made only with the consent of the affected regions. Sakhalin would never consent.

Q. Sakhalin has rich resources of fish, coal, oil, gas, timber and agriculture. How do you plan to develop these assets?

A. If we involve the state sector, we will not achieve much. We would only be recreating the same old system that existed under the Soviet Union. Therefore, we must create our own private enterprise to support our own economy.

It will take a long time to develop our own businesses. We should allow 10 years, not 500 days as the government in Moscow suggests. We must have a half-closed variant of the market economy to start with while we build up Russian national private business.

Overseas companies and investors that can contribute to this process are most welcome. But economic renaissance must start from Russian roots.

Q. Do Sakhalin and other regions of Russia need more autonomy and a greater share of their resources to develop their economic potential?

A. Moscow is taking most of the wealth from our resources and giving only little handouts in return. However, even though I criticize the central government, I concede that it is better now than it was in the Soviet Union.

Still, I do not understand why the democrats cannot govern better. They are discrediting themselves. It is obvious to everybody that they are economically incompetent.

So I think that the next government of Russia will be ruling from a national point of view, keeping national interests in mind and being patriotic. The Communists will never come back again. The democrats are losing popular support. National forces are gaining strength. In power, they will not allow the handover of the Kurils to Japan.

Last Russian Diplomats Leave Kabul

KABUL (Combined Dispatches) — The last Russian diplomats pulled out of this war-torn capital over the weekend, closing the books on a decade of involvement that Afghanistan's new leaders seem unable to forgive or forget.

About 50 Russian staff members and their families slipped out in a Russian transport plane and arrived in Moscow late Saturday, the Itar-Tass press agency reported. They were met by Foreign Minister Andrei V. Kozyrev, who praised their "courage." An embassy spokesman said: "We wanted to stay. Moscow told us we had to leave."

On Sunday, Kabul residents filled the bazaars on the first day of a cease-fire after being trapped in their homes for 20 days. A cease-fire to end fighting between troops loyal to the government and fighters of the dissident Islamic Party took effect at noon Saturday. (AP, Reuters)

5 Ethiopian Hijackers Yield in Rome

ROME (AP) — Five Ethiopians who commandeered an Ethiopian Airlines Boeing 727 to flee their country surrendered peacefully here Sunday when assured that Italy would not send them home to face the death penalty.

The hijackers released 79 passengers in Djibouti, the first stop on an odyssey that began Friday night soon after takeoff from Addis Ababa. The plane landed at Yemen and Cairo before it landed in Rome. Carmelo Caruso, an Interior Ministry official, said the hijackers, including a passenger who apparently joined the group in Djibouti, said they were victims of political persecution and requested asylum. "If what they told us is true, they will be granted asylum," Mr. Caruso said.

However, Giorgio Castelfranchi, the investigating magistrate leading the investigation, said the request for asylum would be handled separately from a trial. He said that even if granted asylum, the five would be tried on hijacking and weapons charges.

Collor Says He Won't Step Aside

BRASILIA (Reuters) — President Fernando Collor de Mello on Sunday rejected corruption charges against him and said he would not step down until Congress approved his program of economic reform. Mr. Collor has been under increasing pressure to resign since a congressional panel decried that he had profited from a corruption scheme.

Many business and political leaders contend that Mr. Collor has lost the moral authority to run the government. They say he would do himself and the country a service by stepping down now, rather than subjecting Brazilians to a prolonged impeachment process.

Mr. Collor, elected in 1989, needs the votes of at least a third of the members of the lower house to block an impeachment proposal scheduled to be delivered to Congress on Tuesday.

11 Tunisia Islamists Get Life Terms

TUNIS (Reuters) — A military court sentenced 11 people to life imprisonment Sunday in a trial of Islamic fundamentalists accused of plotting to overthrow the government of President Zine Abidine Ben Ali. Most of the 108 accused were given jail terms of 1 to 20 years. Five were acquitted.

The verdicts were the second set handed down in a 50-day double trial of 279 defendants. Two courts, sitting in tandem at barracks near the capital, imposed a total of 46 life sentences. Prosecution demands for 28 death penalties were rejected.

TRAVEL UPDATE

New York City is installing a \$100 million system of sensors under its roadways to enable officials to monitor congestion, identify trouble spots and control traffic flow by quickly changing the duration of red lights. The first phase is to begin operating next summer in Manhattan. (NYT)

The \$100 fee that tourists pay to see the Angkor temple complex is to be lowered, according to an official of Cambodia's Ministry of Culture. He said the government hoped to implement a per-temple charge that could be as low as \$8 for the central Angkor Wat. (AFP)

Lisbon airport's baggage handlers stopped most work Sunday during one of the year's busiest weekends to protest low wages and poor work schedules. Baggage was still being loaded and unloaded from planes, but it was not being delivered to the claim areas in the terminal. (Reuters)

Traffic at Algiers airport returned to normal over the weekend after a bomb killed 9 people and devastated the terminal Wednesday, the airport authority said. The United States, meanwhile, warned its citizens not to travel to Algeria. (Reuters)

The French Riviera was hit by violent rainstorms over the weekend, with winds gusting up to 150 kilometers per hour (about 90 miles per hour) and flash flooding reported throughout the parched region. One person was drowned and dozens were injured. (AP)

Determined London revelers braved squally showers Sunday to open the 27th Notting Hill carnival. The police expected about 2 million people at this year's carnival, but attendance will be far short of this unless the weather improves for the second day on Monday. (Reuters)

A bomb at the annual festival in Hannover, Germany, that wounded 16 people led the authorities to cut short the gathering, including Sunday's festivities. The police said the explosion was caused by a device hidden in a trash can. No one had claimed responsibility for the attack. (AFP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Afghanistan, Bahrain, Brunei, Hong Kong, Macao, Malaysia, Mongolia, Oman, Qatar, Saudi Arabia, Singapore, Sri Lanka, Taiwan, Thailand, United Arab Emirates, Vietnam, Yemen.
TUESDAY: Central African Republic, Libya, Syria.
WEDNESDAY: Vietnam.
THURSDAY: Monaco, Qatar, San Marino, Vietnam.
SUNDAY: Pakistan. Sources: J.P. Morgan, Reuters.

The Weather



North America: Delightful weather is in store from Boston to Washington, D.C., Tuesday and Wednesday with sunshine and comfortable temperatures. Chicago to Toronto will also have sunshine Tuesday, but Wednesday will be partly sunny. Madrid will have sunshine.
Europe: West coast rains will sweep through London and Amsterdam Tuesday. Spain will remain overcast but with some rain through at least Tuesday night. Paris will also have a few showers Wednesday, but Wednesday will be partly sunny. Madrid will have sunshine.
Asia: Showers will bring the heat in Korea late Tuesday or Wednesday. Japan will remain oppressively hot with little rain through at least Tuesday night. A heat wave in Hong Kong should ease Tuesday. Tropical downpours will wet Manila and Singapore from time to time.

Table with weather forecasts for various cities including Algiers, Amsterdam, Athens, Beijing, Buenos Aires, etc., with columns for High, Low, and Wind.

Table with weather forecasts for various cities including Buenos Aires, Cape Town, Chennai, Hanoi, Harbin, etc., with columns for High, Low, and Wind.

Zaire Is Left to Sink Ever Deeper While Mobutu Cruises On

By Kenneth B. Noble, New York Times Service

KINSHASA, Zaire — A Madison Avenue hairstylist who calls himself Andrew says that every two weeks for the last eight years he has traveled here to cut the hair of President Mobutu Sese Seko.

Taking into account Andrew's first-class air travel from New York, hotel accommodations at the luxurious Inter-Continental Hotel and whatever fee he earns, each presidential haircut is estimated to cost Zairians at least \$5,000.

A few blocks away from the Inter-Continental, in a fetid, fly-infested ward of the Kinose Clinic, Mwanda Ngimbi is slowly starving to death.

Mr. Mwanda entered the hospital in May after he was robbed and shot by a bandit. He was well enough to leave the hospital in mid-June. But Mr. Mwanda, who earned about \$15 a month as a taxi driver, had no money, and hospital officials are holding him under guard until he pays his medical bills, which now total about \$450 and are mounting daily.

Since the hospital is not feeding Mr. Mwanda and he has no money to buy food, he depends on the charity of other patients. But that is not nearly enough, and now, suffering from severe malnutrition, he is too weak even to sit up.

If Mr. Mwanda is a symbol of Zaire's desperation, Andrew is a symbol of what caused that desperation: the corruption and mismanagement of the government.

While its impressive natural resources sit largely undeveloped, this country is one of the world's poorest, and getting poorer at a rate that has been ominously gathering speed since September 1991, when a paroxysm of looting and arson wiped out much of its modern industry.

The vast majority of Zaire is oozing back to subsistence levels, said Herman J. Cohen, the U.S. assistant secretary of state for African affairs, who came here early this month on a fact-finding mission. "And for the first time we're seeing cases of malnutrition," he added. "It has always been serious," he added, "but now it's getting dangerous."

Mbongo Ngwondja Harouma, a human-rights campaigner whose group, Voice of the Voiceless, has been trying to win the release of Mr. Mwanda and others in his predicament, said: "People have never suffered like this before. A lot of them have simply given up hope."

Zaire is one of the world's major producers of copper and cobalt, and has climatic and soil conditions suitable for growing a wide range of tropical crops, including cotton, rubber, coffee, palm oil and sugar. This potential has long been frustrated by corruption, brutality and random violence.

But the notion persisted that if only the "bad Zairians" who surrounded and ill served Marshal Mobutu were reined in, the country would right itself. There also was a belief among Zairians that the country was too valuable to the West for it to let the misery continue.

Those days are over. With the end of the Cold War, many have come to realize that the West, and especially the United States, has no intention of rescuing the Zairians. "We've supported them, yes, and we've supported Mobutu," said a Western diplomat with long experience in Africa. "But those days are long over. It's a painful thing for

Nguyen Thi Dinh, A Party Leader In Vietnam, Dies

New York Times Service

Nguyen Thi Dinh, 72, a leading figure in the Vietnamese Communist struggle against the French colonial government and in the war with the United States more than a decade later, died Wednesday of undisclosed causes in Ho Chi Minh City.

Vietnamese officials were quoted as having called Mrs. Dinh the best-known woman in Vietnam's modern history. In 1987 she became one of six vice presidents of the Council of State, a sort of collective presidency. She was a former member of the Central Committee of the Vietnamese Communist Party.

In the 1960s, Mrs. Dinh emerged as the senior woman within the Vietcong insurgency against the South Vietnamese government. She was a member of the presidium of the National Liberation Front, the political wing of the Vietcong.

The Soviet and Chinese press identified her as deputy commander of the Vietcong guerrillas in 1965, at a time of large-scale U.S. entry into the war. She simultaneously headed the Women's Liberation Association, an organization with village cells in areas controlled by the Vietcong.

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Refugees at Belet Uen, in western Somalia, getting a meal at a feeding center. The U.S. aid airlift continued over the weekend.

'It's Not the Food — It's the Anarchy'

By Keith B. Richburg, Washington Post Service

MOMBASA, Kenya — Brigadier General Frank Libutti's first exposure to Somalia's misery came Aug. 19, during a brief tour of the famine-stricken town of Baidoa.

He was immediately confronted by the chaotic and depressing scenes that have come to characterize the plight of Somalia, where 1.5 million people face imminent starvation and where clan warfare and banditry rage unchecked because there is no government to impose order. His initial view came at Baidoa's airstrip, where the Marine general was described by one source as "shocked — it was a bunch of ragged guys with guns."

Wearing civilian clothes for the supposedly inconspicuous visit, General Libutti was whisked into the town center to see two feeding centers run by foreign relief agencies. "He was appalled by the hunger and the filth," the source said.

The international community is now discovering what General Libutti has apparently learned: Recognizing suffering is one thing, but doing something about it — in a country with no government, where the rule of the gun prevails — is another matter.

Western capitals can allocate food and supplies, and diplomats can speak optimistically of cease-fires and peace conferences. But as long as Somalia remains in the grip of young armed hoodlums who hijack food for the power it confers,

outside intervention, even for humanitarian purposes, will remain limited.

"The problem here is not resources or food," said Andrew Natsios, President George Bush's special coordinator for the Somali relief effort, of which General Libutti is commander. "It is security. It is the clan war. It is the anarchy. This is not civil war — this is chaos."

The world woke up to Somalia's suffering three weeks ago, responding to the chiding of Butros Butros Ghali, secretary-general of the United Nations, and to images of rail-thin Somalis. On Aug. 14, the White House announced plans for an airlift of 145,000 tons of food to help alleviate the Somali famine. Smaller food airlifts have been undertaken by the French and German governments.

But the West's difficulty in coming to grips with Somalia's misery may have been illustrated when the long-awaited U.S. airlift into Somalia finally began Friday. The first U.S. C-130 cargo planes went not to Baidoa, which has come to epitomize the country's suffering, but farther north to Belet Uen. General Libutti was later overheard telling some of his officers that Belet Uen was "a much more upbeat place than Baidoa."

It is certainly far safer and more orderly — and thus easier to supply. On Saturday, three more U.S. cargo planes made the trip from Kenya to Belet Uen, and so far no plans have been announced to expand the U.S. effort to needier towns and villages, such as Baidoa, in the country's interior.

Part of the problem is that in a starving country, food becomes power — and thus the prey of both organized armed looters and freelance gunmen. Warlords who use young men to fight their battles pay them not in cash but in food. Foreign relief agencies wishing to move food from place to place inside Somalia must negotiate deals with the patchwork of clan leaders and militia commanders who have replaced organized government.

Mr. Natsios called UN troop expansion "a good idea" that the United States supports. But he added, "The question is, which country will contribute the security guards?"

Attack Won't Deter Somalia Aid, UN Chief Says

Reuters

UNITED NATIONS, New York — Secretary-General Butros Butros Ghali expressed concern over the weekend about an attack on two unarmed UN observers in Mogadishu, but said it would not deter him from sending additional personnel to guard humanitarian

operations in hunger-ravaged Somalia. His statement was prompted by the weekend Friday of officers from Egypt and Czechoslovakia who had been serving with a 50-member observer team assisting with UN relief operations in Somalia. The East African nation has

been reduced to anarchy by months of clan-based factional fighting, accompanied by drought and famine that have taken tens of thousands of lives. "The secretary-general is deeply concerned at this vicious attack on unarmed UN peacekeepers," his statement, issued through a spokesman, read. "All concerned in Mog-

adishu should ensure that such criminal actions do not recur." Responsibility for the security and safety of UN personnel lies with those who control the various parts of the city, the statement added.

Mr. Butros Ghali said he would "not be deterred by this crime" from sending more security personnel to Mogadishu, as recommended by the Security Council, which late Friday called for the dispatch of 3,000 more troops. This would be in addition to the 500 Pakistani soldiers due in the Somali capital soon to bolster the UN presence.

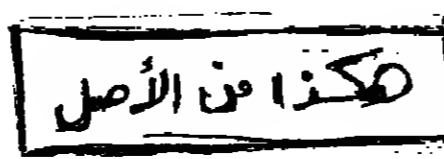
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# CAMPAIGN '92 / QUEST FOR AN OFFENSIVE

## ★ ELECTION NOTES ★

### Churchmen Assail Republicans' Use of God

WASHINGTON — In a written rebuke to President George Bush and the Republican Party, nearly two dozen church leaders criticized the "blasphemy" of invoking God's name in a partisan way in a political campaign.

"We need to be very clear that God belongs to no one side, for we believe we all belong to God," the 23 leaders wrote in a letter sent to the White House and party headquarters.

The signers included Presiding Bishop Edmond Browning, the head of the Episcopal Church, Mr. Bush's denomination, as well as top officers of the National Council of Churches, an umbrella organization representing mainline denominations.

"We believe it is blasphemous to invoke the infinite and holy God to assert the moral superiority of one people over another, or one political party over another," the letter read.

In his acceptance speech at the Republican convention in Houston, Mr. Bush invoked the name of the Lord four times. (NYT)

### Clinton Is Ready to Open the Airwave Front

LITTLE ROCK, Arkansas — It looks like the Democratic presidential nominee, Bill Clinton, will fire the first shot in the general election's television advertising war, technically at least.

Clinton aides say the Arkansas governor plans to air some new ads soon, probably beginning Monday. The Clinton ads might be joined soon on the airwaves by generic ads promoting the Democratic Party and all of its candidates. (AP)

### Quote-Unquote

Bill Clinton, on the progress of Arkansas during his tenure as governor: "We've had a plan, not just a bunch of hot air." (AP)

### Away From the Hustings

- A tornado ripped through homes and other buildings in the central Wisconsin city of Wausau, killing 2 people and injuring about 30, 4 critically, the authorities said.
- The California Assembly passed and sent to the governor a budget that would slash aid to the poor, local governments and public schools, but would resolve a fiscal crisis that has lingered for two months.
- The Pentagon and federal prison officials are close to an agreement to convert Fort Dix, the sprawling army base in central New Jersey that has been stripped of its duty as a training center, into the largest prison in the federal system. The plan calls for five empty barracks to be converted, by early 1994, to a low security prison complex for 3,200 drug offenders and white-collar criminals.
- A small earthquake measuring 3.4 on the open-ended Richter scale and centered near central Los Angeles shook buildings, but there were no reports of damage or injuries.
- A judge delayed until Sept. 8 primary elections that had been scheduled for Tuesday in Dade County, the part of South Florida hardest hit by the hurricane last week.
- A 35-year-old man who received a baboon liver transplant has developed an infection, and doctors describe his condition as serious, a University of Pittsburgh Medical Center spokeswoman said.
- The rate of violent crimes by juveniles increased more than 25 percent in the last decade, the FBI said in its annual report on crime. The agency also said that violent crimes by people of all ages reached a record high last year of 758 for each 100,000 inhabitants. That was up 4 percent since 1990, 24 percent since 1987 and 33 percent since 1982.
- President George Bush authorized federal disaster-relief funds for two counties in central and northern California that have been ravaged by forest fires. (AP, NYT, Reuters)

## To Seize the Initiative, Clinton May Have to Get Off the Bus

By Dan Balz  
Washington Post Service

LITTLE ROCK, Arkansas — Bill Clinton's presidential campaign has developed a well-earned reputation for quick and feocious responses to attacks from George Bush, but the Democratic nominee and his aides have not yet found a way simultaneously to seize the offensive against the president.

That became clearer as Mr. Clinton rolled through Central and East Texas last week on his fourth bus tour with his running mate, Senator Al Gore of Tennessee. Drawing large and supportive crowds, Mr. Clinton hammered at the themes of economic recovery and restoring a "we can" spirit in an effort to snatch from the Republicans the tone of buoyant optimism that marked Ronald Reagan's campaigns. But there is a downside to the enthusiasm that Mr. Clinton generates in small

towns and crossroads hamlets. Locked up in his bus, often running hours behind schedule, the candidate and his campaign have struggled to put a fresh face on the Democrats' message of change.

As he has toured from town to town, his campaign headquarters in Little Rock has

### NEWS ANALYSIS

been churning out responses to a series of attacks launched by Mr. Bush and Vice President Dan Quayle. But aides expressed frustration that while they have mastered the technique of quick response, that skill and repeated bus trips may not be enough to win.

"If we're still doing this after Labor Day, we're in trouble," one aide said. The Labor Day holiday is Sept. 7.

Senior campaign officials, while upbeat about the impact of the bus trips, said they

are working to retool their offense as quickly as possible, and he predicted changes soon.

"We're starting this week," one official said when asked how soon the candidate could be expected to take the initiative.

Clinton advisers acknowledged that the Bush campaign is shrewdly going into key states, such as Michigan, Oregon and Missouri, with specific attacks on issues that are important to voters there.

In Michigan, Mr. Bush attacked his rival on fuel-efficiency standards and in Missouri on free trade; in Oregon, the Clinton camp expects the Republicans to attack its environmental position.

While Mr. Clinton remains focused on his criticism of Mr. Bush's stewardship of the economy and his promise to bring change to Washington, much of what he is saying has been repeated hundreds of times in the past nine months.

Aides here are looking for new and vivid ways to illustrate Mr. Bush's record and to heighten the differences between Mr. Clinton's proposals for the economy and what Mr. Bush offered the American people in his acceptance speech in Houston.

"Bush will have to live with the consequences of his acceptance speech," said George Stephanopoulos, Mr. Clinton's communications director.

Despite the desire to sharpen the Clinton message, aides said they do not underestimate the longer-term value of the bus trips, which have become a trademark of the Democratic campaign this year. The Clinton campaign has turned politics into show business, and it is selling well as summer entertainment in small-town America. Last week in Texas, thousands of people turned out in such places as Waco, Tyler and Corsicana, often waiting more than two

hours for the convoy of buses, vans and police cars to arrive.

Mr. Bush calls the Democratic nominee a "farmonger," but Mr. Clinton sells nothing so much as hope and optimism; telling audiences to "have the courage to make America young."

Although Mr. Clinton recounts stories to illustrate the nation's economic problems, he presents himself and Mr. Gore as hopeful and upbeat, in contrast to past Democratic candidates and to what he calls the "we-can't" Republicans.

The Democratic campaign is continuing to assess the value of the bus trips, hoping to find a way to maintain the enthusiasm they generate in the states where they take place while assuring that Mr. Clinton also keeps Mr. Bush on the defensive as much as the president and the new White House team, led by James A. Baker 3d, seem determined to do to the Democrats.

## Gore Says Republicans Offer 'False Choice' on Environment

Compiled by Our Staff From Dispatches

WASHINGTON — Senator Al Gore, put on the defensive by Vice President Dan Quayle's attacks on his environmental stands as "bizarre," fought back Sunday, saying that the Republicans offered a "false choice between jobs and the environment."

In separate television interviews, Mr. Quayle and Mr. Gore, the Democratic vice presidential nominee, hammered at taxes, the environment and the economy.

Mr. Quayle, in a swing through Michigan last week, had attacked what he called Mr. Gore's "hysterical" environmental views and said the Democrats could cost hundreds of thousands of autoworkers their jobs by pushing for higher auto fuel efficiency standards.

Mr. Quayle cited statements in a 1991 book Mr. Gore wrote that referred to cars as a "mortal threat" that should be phased out.

"It's all pretty bizarre stuff," Mr. Quayle said.

Mr. Gore said Sunday that such attacks on his environmental record were not unexpected. "Bush and Quayle have described the leaders of most every other country in the world as environmental hysterics or extremists," he said.

The Republicans, he said, "keep posing this false choice between jobs and the environment at a time when Japan and Germany are openly saying that the biggest new market in the history of world business is the market for the new prod-

ucts and processes that foster progress without environmental destruction."

Mr. Quayle, in his television interview, defended the administration's response to the Southern hurricane last week and attacked the tax proposals of Governor Bill Clinton, the Democratic presidential nominee.

"Bill Clinton feels that you create more jobs by raising taxes," Mr. Quayle said. "The president thinks you create more jobs by cutting taxes."

The appearances came as a new poll showed that of the two vice presidential candidates, voters had a far more favorable impression of Mr. Gore.

In a Time magazine-CNN poll of 836 voters, issued Saturday, 52 percent said they had a favorable impression of Mr. Gore, compared with 36 percent for Mr. Quayle. The poll's margin of error is plus or minus three percentage points.

The poll also found that 46 percent of likely voters said they would vote for Mr. Clinton if the election were held today, and 40 percent favored Mr. Bush.

Mr. Gore had also defended his record at a campaign stop in Detroit on Saturday, appearing before a cheering crowd at the state Democratic convention in Detroit.

He said that Mr. Bush and Mr. Quayle "want you to believe that they are good for the automobile industry," but that the only thing

they want to talk about is fuel efficiency.

He said the Republicans were "attempting to create a diversion to try to get people not to think about what has really happened."

"I want to tell you I do favor better fuel efficiency and, yes, I favor 40 miles per gallon and, yes, I believe there is a serious worldwide environmental crisis," Mr. Gore said.

But, he added, "how dare Bush and Quayle come into Michigan and talk about jobs in the automobile industry when they have presided over the worst destruction of jobs in the auto industry in the entire history of this nation."

Mr. Gore accused the Republicans of double-speak on the issue because the deputy campaign manager for Mr. Bush, James Lake, is a registered lobbyist for Japanese auto parts manufacturers. He said Mr. Lake should stop being paid by the Japanese manufacturers or resign from the campaign.

On Saturday, Mr. Quayle used a visit to the Little League World Series in Williamsport, Pennsylvania, to push "family values."

Mr. Quayle's wife, Marilyn, talked about health care issues and said she was angry that Mr. Clinton had told the Democratic National Convention in New York he was going to put women's health on the front burner.

"Well, Mr. Clinton, I've got news for you. President Bush already has," she said. (AP, LAT)



Mr. Clinton greeting Arkansians in Little Rock at the state's Democratic convention.



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INTERNATIONAL Herald Tribune

Human Rights in China

Whether the issue is intellectual property rights or intellectual property rights...

prisoners, respect for human rights conventions and honoring arms agreements?

Make the Talks Work

Israel's Self-Interest A first week of direct talks between Israel's new forward-looking Labor government...

imperatives of their own. Much of diplomacy involves getting the other party, and especially the influential outsiders, to accept your political imperatives as the wretched or at least the more pressing.

Phase Out the Boycott

The difference in mood since Yitzhak Rabin replaced Yitzhak Shamir as Israel's prime minister is almost scorching...

trust, and without rudimentary civility no bargaining is possible. Haman Ashrawi, the spokesman for the Palestinian negotiators, alertly notes that the new government's very language has changed.

Other Comment

Reform the Security Council

The council is an anachronism. Its five permanent members are the victors of the Second World War.

developing world, uncomfortable at having to accept China as its representative, presses its own claims. One neat solution would be to keep the overall numbers as they are but to replace France and Britain with Japan and the European Community.

Classic Appeasement: Who Cares About Bosnia?

By George D. Kenney

The writer resigned in protest last week from the State Department, where he was acting chief of Yugoslav affairs.

WASHINGTON — The American approach to the Yugoslav crisis is classic appeasement. From the first signs of the breakup of the former Yugoslavia last year, the administration has repeatedly made it clear that the United States would not intervene militarily to control the conflict.

whole region when we only hurt the very group of people we say we want to help. I strongly believe that the Bosnian government has the right to self-defense.

If Only the Disappearing Bosnians Were Whales

By Meir Shalev

JERUSALEM — Wherever I go I always visit the zoo. That is where I get my preconceived notions about the human race.

Baltimore Aquarium, where it underwent extensive medical treatment including psychological rehabilitation.

shrieks for a reward of two mackerel. (The mackerel, as we all know, is not a marine mammal but a fish, and may therefore be eaten.)

Perot Tells the Parties: Listen to the Angry American People

By Ross Perot

The writer called off his independent campaign for the presidency in July, but his supporters are working to get his name on the ballot in all 50 states.

DALLAS — The most frequently repeated statement by good, hardworking people since the Democratic and Republican conventions has been, "How stupid do they think we are?"

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Now a message to both parties. Please remember that those who have participated in the United Way Stand America movement are intelligent, thinking, responsible people.

Names in the Air for a Clinton Cabinet

By Leslie H. Gelb

NEW YORK — Next to cloning Bill Clinton, no issue grips the Democratic power elite more than whom he will name to fill top national security posts.

Tom Pickering, former United Nations ambassador and career diplomat (an established pro).

Carter NSC aide, was cited glowingly for the Environmental Protection Agency and the Department of Energy.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Pauper Drones

PARIS — Pauper immigration from Russia into Germany, England, and other countries will have to be stopped.

1917: Praise for Wilson

PARIS — President Wilson's answer to the Pope's Peace Note asking the Allies to return to the "status quo ante bellum" elicited wholehearted commendation from the Allies, who welcomed his verdict as a wholly satisfactory cooeyance to the German autocracy of the lesson which the Allies wished Wilson to convey.

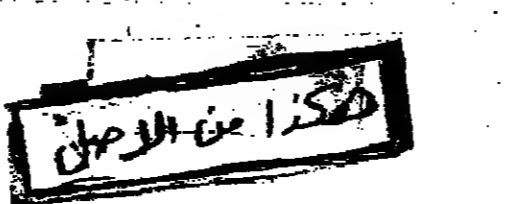
1942: 91 Fires Ablaze

LONDON — [From our New York edition:] Russian bombers, flying at least 90 miles from the eastern front to Germany, set ninety-one fires in Berlin, Koenigsberg, Danzig, and Stettin last night (Aug. 29).

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen

WASHINGTON — The American approach to the Yugoslav crisis is classic appeasement. From the first signs of the breakup of the former Yugoslavia last year, the administration has repeatedly made it clear that the United States would not intervene militarily to control the conflict.

WASHINGTON — The American approach to the Yugoslav crisis is classic appeasement. From the first signs of the breakup of the former Yugoslavia last year, the administration has repeatedly made it clear that the United States would not intervene militarily to control the conflict.



السنة الثامنة



A young girl in Florida City offering a hand to army troopers unloading a military truck carrying relief supplies to the stricken area.

### Bush Aide Puts Storm Damage in Billions

Compiled by Our Staff From Dispatches

WASHINGTON — The man President George Bush appointed to monitor the cleanup of the hurricane that ravaged South Florida said Sunday that the relief operation would cost the government billions of dollars.

In a television interview, Transportation Secretary Andrew H. Card Jr. said he thought Congress would need to approve emergency funds for the disaster. The storm, designated Andrew, destroyed communities in South Florida last Monday and later caused extensive damage in Louisiana.

"I think we're talking billions," Mr. Card said. But he said the extent of damage was still unclear.

"I don't think the estimates of \$30 billion worth of damage are legitimate yet," he added.

"Clearly the amount of damage is in the billions of dollars and I think it's going to require in the billions even from the federal government," he said.

The nearly \$400 million that Mr. Bush has already made available for loans and other assistance to hurricane victims is just "a drop in the bucket," Mr. Card said.

Any assistance from Washington will be added to the federal deficit, which is already expected to reach at least \$335 billion this year.

Although federal spending on domestic programs is capped by a 1990 budget agreement, the accord allows spending caps to be breached in an emergency.

Answering criticism that federal aid was slow, Mr. Card said, "I think the federal response came quickly but it was not enough." He said "no one realized the magnitude of this disaster."

In South Florida on Sunday, badly needed supplies were flowing to victims, but officials worried that the outpouring of compassion was contributing to the bottleneck in getting help to those who need it.

Communications and transportation were an enormous problem. The overburdened telephone system in Dade County, which includes Miami, was near collapse, and roads were gridlocked.

Two people died in storm-related accidents during the weekend, raising the toll in Florida, Louisiana and the Bahamas to 33.

The Pentagon said Saturday that it would double the number of federal troops, to about 14,000, and send navy ships loaded with 2,000 tons of food and relief supplies.

### Pentagon Faces the Inevitable, Prepares for Long-Range Cuts

By Eric Schmitt

New York Times Service

WASHINGTON — Anticipating that steeper cuts in military spending are inevitable, the Pentagon is quietly preparing to reduce its forces below the lowest levels the Bush administration has said would be acceptable, senior Defense Department officials say.

The cuts, which would affect fundamental military programs, including troops, weapons purchases, and military bases, could eliminate as much as \$80 billion in military spending by 1997.

Officially, the military services are complying with a budget-review process this summer that requires them to submit long-range plans meant to conform with the Pentagon's strategic outline for a post-Cold War world.

These classified plans assume a continuation of the Bush administration's "base force" of 1.6 million uniformed troops through the end of the decade, as outlined by the Pentagon in 1990. Among the plans' proposals that are likely to generate debate is placing land-based Marine Corps aircraft on navy carriers and assigning air force bomber pilot jobs to reservists.

But senior Defense Department officials privately acknowledge that these plans already out of date. Regardless of the political outcome in November, they say, the military budget is going to have to take a bigger cut than the administration has publicly proposed.

"Most people believe that whether Bush or Clinton is elected, the cut will be the same," said one senior Pentagon official. "The only difference will be that with Clinton it'll come faster, and with Bush it'll be slower."

Governor Bill Clinton said last week that his proposed military budget over the next five years would be only 5 percent lower than President George Bush's but that he would make deeper cuts in the number of troops based in Europe and in the Strategic Defense Initiative anti-ballistic-missile system.

Last year, the Pentagon confronted similar budget pressures, and Defense Secretary Dick Cheney and General Colin L. Powell, chairman of the Joint Chiefs of Staff, ordered a comprehensive review of future needs. As a result, the Pentagon canceled several expensive weapons, like the B-2 bomber and Seawolf submarine, to spare deeper troop cuts.

This time, planners say, they are reluctantly looking at shrinking the overall force itself. They say that projected military spending simply will not cover the costs required to

equip, train and maintain the troops and equipment called for in the long-range budgets.

"Today's fiscal environment shows a sign of being cyclical in nature," said the navy's long-range planning document. "Reversal of current projected resource reductions is not foreseen."

One senior army official elaborated, saying: "No one believes we'll have these numbers to play with. You won't see a \$280 billion defense budget in the future. It'll be more like \$250 billion or \$240 billion, or lower." The budget for this fiscal year was \$291 billion.

The administration publicly con-

times to resist cuts beyond those envisioned by current Pentagon plans: a 25 percent reduction in force by 1995. Under that base-force plan, the navy would have 12 aircraft carriers, the air force 15 tactical air wings and the army 12 active-duty divisions.

But several factors are influencing the anticipated reductions in the military budget and overall force. The military grudgingly recognizes that Congress intends to continue reducing its budgets in response to the collapse of the Soviet Union and on foreseeable challenges from a comparable foe.

### For Bush's Domestic Image, an Ill Wind

By Michael Wines

New York Times Service

WASHINGTON — After flattening parts of Florida and Louisiana, last week's hurricane crashed into Washington, taking dead aim at President George Bush's effort to portray himself as a decisive president keenly concerned with domestic policy.

As Florida, the nation's fourth-largest state, staggered from the storm's blow, Mr. Bush dispatched fighter jets to Iraq and barnstormed the Midwest, promoting his foreign-trade agenda. More than 250,000 Floridians rendered homeless last week simmered for four days in the August sun, waiting for federal help.

On Thursday, when it still had not arrived, their anger boiled into the national press, catching and stopping Mr. Bush only hours away from the start of a long weekend at his summer retreat in Maine.

It was the kind of performance that supporters of the president used to regularly bemoan but had assumed was history now that James A. Baker 3d, Mr. Bush's political savant, is running the White House and his campaign.

Instead, the president finds himself approaching the Labor Day weekend struggling to shed the image that he is detached from domestic problems and unwilling to act quickly to solve them.

His advisers contend that he has averted serious political damage in one of the few large states that Republicans feel confident he can win in November.

He canceled his immediate campaign sched-

ule, ordered a flood of federal troops and supplies in to southern Florida and held a news conference to decry needless "finger-pointing" at whoever was responsible for delays when men, women and children were suffering.

"I think the president acted decisively enough," a campaign official said. "He'll get a

#### NEWS ANALYSIS

couple days' anger, but the fact is, he's been down there himself, and he mobilized things quickly."

That is one view. Another is being expressed by Miamians who telephoned the city's leading talk-radio station, WIOD-AM, to vent their frustration at the state and federal relief efforts.

"Here's what they're thinking," said Michael Disney, the station's general manager and executive vice president. "How can we send a half-million troops around the world to a foreign country, and yet we can't get food and water to our own people? That's what they're thinking."

Whether that anger is genuine or will linger is an open question. But Mr. Disney neatly summarized the White House's worst fears: that as Mr. Bush begins pounding the campaign circuit in earnest, voters will compare Desert Storm to Florida Storm and find his domestic skills lacking.

Mr. Bush's woes are all the more painful to his supporters because the hurricane's march through the Southeast, however much a tragedy, was an opportunity for the president to demonstrate compassion and leadership during

a domestic crisis in a way his challenger, Governor Bill Clinton, could not have hoped to match.

Presidents have commended the federal Treasury and the military for the benefit of disaster victims in ways unavailable to their political rivals. And it appeared early last week that, under Mr. Baker's skilled tutelage, the White House would do just that.

Unlike his predecessor, Samuel K. Stimmer, Mr. Baker was going to restore decisive leadership to the White House and sweep away the paperwork and endless meetings, his associates quietly boasted.

Last Monday, his first day on the job, Mr. Baker virtually commandeered Air Force One as the president campaigned in Connecticut and ordered it and Mr. Bush to Florida, only hours after the hurricane had roared through. He did it again Wednesday, sending Mr. Bush to Louisiana in a smaller jet even as torrents of rain and a 35-mile-per-hour (55-kilometer-per-hour) winds continued.

"When you have families hurting," Mr. Bush said in Miami. "I think it's important they know that the president cares." He added that he was "ready to help in any way that the federal government can."

His obvious sincerity aside, the image of a president personally and decisively tending to a domestic crisis could not help but benefit Mr. Bush politically. But the White House's attention to the Florida disaster appears to have wandered just long enough to erode whatever gains in popularity he might have made.

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# Iraqi Kurds Caught in Middle As Turkey Bombs Its Rebels

By Chris Hedges  
New York Times Service

DARO, Iraq — Beyond the scrutiny of much of the outside world, a nasty air war is under way in the hinterlands of northern Iraq.

The attacks are directed not from Baghdad or Washington but from Ankara, by Turkish government officials bent on destroying rebel camps of the Kurdish Workers Party, a Turkish guerrilla group.

The rebels, who conduct raids into Turkey from camps in northern Iraq, have been fighting for an independent Kurdish state in southeastern Turkey since 1984. The Kurdish region traditionally incorporates parts of Iraq, Turkey, and Iran, but rivalry among Kurdish separatist groups has prevented them from making common cause.

[Forty-three rebel Kurds and 10 Turkish soldiers were killed in a battle in southeastern Turkey on Sunday when separatists attacked a gendarmic post, Reuters reported from Diyarbakir.

[The governor's office said guerrillas of the outlawed Workers Party who had entered Turkey from Iran attacked the border post near Semdinli in the province of Hakkari.]

Turkish officials contend that their air attacks are based on precise intelligence data, often provided by small reconnaissance units sent into Iraq. But Kurdish farmers and shepherds — many of whom have lost relatives, animals and property to Turkish bombs — do not agree.

"The planes don't distinguish between us and them," a peasant, Khader Darwish, said. "They just drop the bombs. Besides, the camps have a lot of anti-aircraft weapons, so some planes like to unload their bombs in safer areas."

Iraqi Kurdish leaders, who say they have been trying to shut the camps of Turkish rebels, have protested to Ankara over the raids. In the last year, about 50 people in the area have been killed and 30

wounded, prompting local people to abandon 50 towns and villages along the border, the Kurds say.

The village of Daro lies 25 kilometers (15 miles) from the Turkish border, nestled in a narrow ravine among pines, elms and oaks. Yet despite the tamed fields that surround it, Daro is deserted.

Daro has been bombed twice in the last three months. In the first strike one person died, another was wounded, and more than 40 sheep were killed.

After the raid, the villagers packed their belongings and moved to the forest. Each evening, they return home. The women do housework by candlelight while the men tend the fields in darkness.

A mile from Daro, Zubaid Ahmed Merza and several other men from the village were sitting on straw mats, hidden from aerial view by scrub and branches.

The men said they were having trouble feeding their families. "We don't grow or sell much produce now, and our savings are gone," Mr. Merza said. "It may be better to go to Turkey or Iran as refugees. They must have security there, and we can't hide under the trees once winter comes."

None of the farmers disputes the existence of the Turkish rebel camps, which most say they avoid.

People used to be able to go into the areas controlled by the rebels, said Issa Rashid, clutching an old automatic rifle. "But now they arrest you," he said. "Sometimes you get released, and sometimes you get executed."

The Kurdish farmers say Turkey sends planes several times a week, bombing anything that moves. Few villagers walk the roads by day.

Like most people in the valley, Omar Ali Jaber, a 50-year-old farmer, lived within hearing distance of the big guns during the eight-year Iran-Iraq War. "For all the problems with Iran, they never sent our planes to bomb us," he said. "We prefer the Iranians to the Turks."



CAIRO BUILDING COLLAPSE — A man combing the rubble of a seven-story apartment building that fell over the weekend, killing 18 people and injuring 17. A police official said the three top floors had been built illegally. The building was apparently condemned two years ago.

# Quebec's Leader Starts Drive to Sell A Deal on Unity

By Clyde H. Farnsworth  
New York Times Service

QUEBEC — Robert Bourassa, the premier of Quebec, has begun a campaign to convince skeptical Quebecers that an agreement reached with English-speaking Canada resolves many of their long-time grievances and should end their drive for independence.

With polls signaling an uphill battle to win backing for the accord in a referendum Oct. 26, he moved to overcome his first major hurdle. At a special conference of his Liberal Party at the sports center of Laval University here, supporters of federalism allied with Mr. Bourassa beat back opposition to the agreement from strongly nationalist elements in the party. Federalist-backed amendments were overwhelmingly approved.

The younger members, led by a 22-year-old Laval political science student, Mario Dumont, argue that the deal falls short of party demands for a large-scale transfer of power from Ottawa to Quebec. They accused the leadership of packing the conference with supporters to ensure a favorable vote on the federalist platform.

The 58-year-old premier, fresh from a meeting on Prince Edward Island where he and the leaders of Canada's other provinces wrapped up details of the new constitutional package, defended it Saturday to more than 4,000 party stalwarts as

a substantial achievement that "protects the future of Quebec."

He promised a bare-knuckles fight with the leader of the separatist Parti Québécois, Jacques Parizeau, who has called Mr. Bourassa a traitor for accepting the deal with the nine other provinces.

Mr. Bourassa accused Mr. Parizeau of "acting like a demagogue" and "exploiting tensions and prejudices." He charged that the Parti Québécois had betrayed the province in negotiations in 1982, when it was in power, by failing to win the kind of concessions that he had just obtained.

Mr. Bourassa has linked the issue of continued Canadian federalism with his political future. His opponents have tried to separate the two, arguing that they like his leadership — he has 29 credible challengers at this time — but do not like this particular deal.

In effect, Mr. Bourassa, who is likely to call elections next year, especially if the pact is ratified by Quebec and the other provinces, was saying that you get either the deal or me.

Mr. Bourassa dominated Saturday's proceedings with speeches and with nearly two hours of detailed responses to questions from the floor. His performance impressed political analysts.

But persuading his own party is different from the province-wide support he will need Oct. 26.

# IRAQ: Allies Seek to Divide Country, Saddam Charges

(Continued from page 1)

It occurred when the UN guards were stopped at an Iraqi government checkpoint near the northern city of Kirkuk en route toward areas farther north that are under the control of Kurdish rebels.

They said they saw a man tampering with their car and later discovered and defused a 1-kilogram (2-pound) bomb affixed to the undercarriage by a magnet. The bomb had been set to go off in two hours, when the guards would have been well beyond Iraqi government lines.

"Obviously this was extremely serious, and we are taking it very seriously," said Gualtiero Fulcheri, the UN coordinator for Iraq. "Maximum security is being enforced during all movements of the staff in Iraq."

In another incident, a group of Iraqis wielding steel bars smashed the windshield of a UN car near Baghdad last week, and a Swedish soldier on UN guard duty was wounded two weeks ago when an unidentified gunman opened fire on his UN vehicle in northern Iraq.

The Iraqi government has denied any involvement.

The number of UN personnel in Iraq has been steadily declining since the United Nations failed to reach agreement with Baghdad on a new agreement allowing them to operate in the country. There are now about 75 UN aid workers and 120 guards, compared with 600 workers and 500 guards in April.

**Fewer Sorties a Possibility**  
Iraq has stayed out of the exclusion zone imposed by the allied forces, who may consider flying fewer sorties over the marshlands as a result, The Associated Press reported from the U.S. carrier Independence in the Gulf.

The U.S. commander in the Gulf, Lieutenant General Michael Nelson, said pilots had been flying more than 100 missions a day from the carrier.

"If it stays peaceful and it runs as smoothly as it has," he said, "it's possible that we may be able to do something less than the high rate we have been running with out here."

# POLICY: U.S. Readies Set of Tough Options for Iraq

(Continued from page 1)

been achieved. Several analysts and members of Congress have begun to argue for a more aggressive approach to assessing Mr. Saddam, including creation of an Iraqi government-in-exile that could be provided with arms and money.

A Pentagon spokesman said that coalition aircraft had dropped leaflets warning the Iraqis of the consequences if they sent planes aloft to challenge the ban or turned on air defense radar to direct missiles.

Administration and Pentagon officials acknowledged Friday that the strategy posed risks for the Bush administration, especially if Mr. Saddam opted to challenge the coalition partners by mounting ground attacks against Shiite rebels and villages with artillery, tanks and the estimated 60,000 Iraqi troops in the region.

Officials said that intelligence reports showed no significant ground movements of troops or equipment since the ban went into effect. Nevertheless, one said: "No one has made a lot of money betting on Saddam's behavior. Saddam has a history of probing coalition positions, and he may probe."

Cloning the picture of how the Iraqi leader might respond to the exclusion zone are continuing questions about the strength of his grip on power. The officials confirmed reports that elements of Iraq's Republican Guard staged an unsuccessful coup attempt in late June.

One official said the coup had been led by dissident senior officers, including several generals, who planned to ambush Mr. Saddam's motorcade in Baghdad.

But Mr. Saddam's security forces are said to have "sniffed it out" and, after a gun battle, captured the officers involved. The senior administration official said the coup

had been put down "ruthlessly" and that "a lot of people" had been executed for their role.

A senior Pentagon official described the coup as "significant" in that it involved "people relatively close to him," suggesting that Mr. Saddam's days could be numbered. The Pentagon officials said further signs include reports that the Iraqi leader recently reorganized his security forces and now requires even cabinet ministers to be strip-searched before meeting with him.

# RICH: Back in Shanghai Style

(Continued from page 1)

Rolaxes will cost up to \$20,000 each, and Mr. Shi said there would definitely be customers.

A potential customer is Su Yaoping, who says he is in the real estate business. Mr. Su is doing well: Last month he paid \$55,000 in an auction for Shanghai auto license plate 20518.

It is regarded as an auspicious number because it sounds vaguely like the words for "make me rich."

Meeting the needs of a changing society, the Chinese language has in the last few years come up with new expressions, *dakuan* and *kuanyue*, which are equivalent to "fat cats." The concept did not exist in more orthodox Communist days when everyone was supposed to be egalitarian — and lean.

The *dakuan* can be found stopping in the boutiques of Nanjing Road, buying Italian suits or

French cosmetics despite the huge tariffs that can make lipstick cost up to \$50.

Every now and then, they take a call on their cellular telephones and make a note to themselves with European fountain pens.

One place to spot the *dakuan* is in the new brokerage houses around Shanghai, where the elite come to play the stock market. The big players get special rooms where they can relax and watch trading on computer screens as they issue buy and sell orders.

At first, the brokers extended this privilege to anyone with more than \$35,000 invested. But there were too many of those, so now an investor must have a stake of at least \$100,000 to get special treatment.

To be sure, most Chinese are still peasants who have never been to Shanghai and are lucky if they have electricity. The average peasant made \$132 last year, and some can afford meat only once or twice a year.

## TURN TO GOLD

# Loaded Terminology Is Put Aside In Israeli-Palestinian Language War

By Clyde Haberman  
New York Times Service

JERUSALEM — The Israeli-Palestinian conflict is often cast in terms of sticks and stones and broken bones. But it is also a war of words, and in this case, the old children's verse is wrong because names can indeed hurt. They can certainly influence opinion.

That point emerged last week in the Middle East peace talks in Washington, where Hanan Ashrawi, the spokeswoman for the Palestinian delegation, noted that Israeli negotiators had stopped using certain terminology now that a new government is in charge in Jerusalem.

For instance, she said, the people known to most of the world as Palestinians are now indeed being called Palestinians. They are not simply Arabs, or Arabs of the Land of Israel, or Palestinian Arabs — favored descriptions when the rightist Likud party was in power.

And Israeli references to the land commonly known as the West Bank now generally avoid the words "Judea and Samaria," terms of biblical origin insisted on by Likud and rejected by Palestinians.

This language barrier may not seem like a major matter. But labels count, and they often reveal differences in political points of view as surely as bullets and bullets do.

Take the very lands that are the

source of so much bloodshed. What are they?

Palestinians, left-of-center Israelis and much of the West and its press generally refer to them as "occupied territories," in part because United Nations resolutions say that that is what they are.

But "occupied" sounds harsh and unfair to some. The preferred term in the Israeli government is "administered territories."

A few ardent Zionists sometimes insist on describing Judea and Samaria, i.e., the West Bank and the Gaza Strip as "liberated territories," but a far more commonly used term among this group is "disputed territories."

## Israelis Rocket South Lebanon

REUTERS  
MARIJAYOUN, Lebanon — Israeli planes rocketed Hezbollah positions in southern Lebanon on Sunday and guerrillas detonated a bomb near a pro-Israeli patrol, wounding one militiaman, witnesses and security sources said.

Witnesses said two Israeli planes fired six rockets at positions of the pro-Iranian Muslim fundamentalists in the Mita hills, south of Beirut. Hezbollah said no one was hurt.

In the West Bank and Gaza, both predominantly Arab, dozens of Jewish towns and villages have been established over the last two decades. Routinely they are called "settlements."

But "settlements" can be a loaded word to some people, especially on the Israeli right, because to them it suggests an alien intrusion. They believe that Jews have the right to live anywhere in the biblical land of Israel and therefore cannot be considered interlopers. Their preferred word is "communities."

Politics aside, "communities" is in some cases more accurate. Settlements may conjure up visions of tent cities and mobile homes, while many places in the West Bank look like tidy suburban communities anywhere in the world.

This is all more of a problem in English than in Hebrew, which makes greater distinctions. For example, the Hebrew words *hitachut* and *yishuv* are both translated into English as "settlement." But the first is understood by Hebrew-speakers to mean a place in the territories, and the second can describe a community in Israel.

If Israelis sometimes use "Palestinian" and "Arab" interchangeably, many Palestinians draw no distinctions between a "Zionist" and a "Jew," often suggesting that they don't think much of either.

### ACROSS

- 1 Music org.
- 6 Woeful
- 12 Duo
- 13 One of a flight
- 14 Type of rain
- 15 Australian tennis player
- 16 Law
- 18 Youth org.
- 19 Affirmative
- 20 Shed feathers
- 21 Loses color
- 23 Sacred
- 24 Chan creator
- 25 Earl
- 26 Bliggers
- 28 Aback
- 29 Vigorously
- 27 San Francisco quarterback
- 30 Vest number
- 31 That girl's
- 32 Rex Stout's Wolfe
- 34 Assort
- 36 Memorable jazz pianist
- 38 Precious stones
- 37 Loose-woven fabric
- 38 Time periods
- 39 Gives over
- 40 Marks with spots
- 42 Rent
- 43 Portable mortar
- 44 Storage
- 45 Fixed allotment
- 47 Uncle's mate
- 51 Rotate
- 52 Doctor Jekyll's alter ego
- 56 Fury
- 57 Check copy
- 58 Felt poorly
- 59 Sound on Capitol Hill
- 59 Single
- 60 Sierra
- 61 Africa
- 62 Sortie of troops
- 7... one way to skin
- 8 King's "Gunga"
- 9 Bulky book
- 10 Servicewoman
- 11 Harlem room
- 14 Cry heard at an N.B.A. game
- 15 Large-bloomed bushes
- 17 Legendary Marco
- 22 Jujitsu, e.g.
- 23 Submarine detecting device
- 24 Dukra or Day
- 25 Adored
- 26 Philadelphia's Spectrum, a g.
- 27 Tablelands
- 28 Wants
- 29 French fighting force
- 30 Halbrook or Linden
- 31 Hounds' quarry
- 32 Counterspy agency of W.W.II
- 35 Hag
- 36 — Park, N.Y.C.
- 39 Upgrade
- 41 Tea or jack attachment
- 42 Queue
- 44 Kin of 27 Down
- 45 Pier
- 46 Strong impulse
- 47 A — Able
- 48 Wood: Comb. form
- 49 Arabia's Gulf of
- 50 Persian's associate
- 51... in the spring
- 52 Wedding words
- 54 Go swiftly

فكنا من الأصل

صكنا من الاصل

# Religious Friction Imperils Session of Nonaligned Group

By Michael Richardson  
*International Herald Tribune*

JAKARTA — As foreign ministers of the Nonaligned Movement argued Sunday over Yugoslavia before a summit meeting this week, delegates and analysts warned that the disparate group might fragment along religious lines as Islamic nations demanded protection for Muslims in Bosnia-Herzegovina.

While a compromise may emerge before heads of government open their meeting on Tuesday, the debate over politics and religion in the now-fragmented Yugoslavia appears to portend deepening divisions in the movement.

Nonaligned nations are struggling to find a role in a post-Cold War world that no longer enables them to maneuver between East and West.

Indonesia, which is playing host to the summit meeting and will take over as chairman of the movement from Yugoslavia, had hoped to steer the 106 nations in the group away from contentious issues. Instead, Indonesian officials said, the movement should try to find common ground and a new rationale for cooperation by strengthening its role in global trade and economic affairs.

However, the group appears to be affected by the resurgence of ethnic and religious loyalties in Europe.

Dealing with the former Yugoslavia in terms of ethnic and religious conflict is "dangerous because it may turn the Nonaligned Movement into a forum for interreligious warfare," said Juwono Sudarsono, dean of the faculty of social and political science at the University of Indonesia.

Yugoslavia was a founding member of the nonaligned group and was host to its first summit

meeting in 1961. Delegates said that the movement was threatened by a split between Muslim nations insisting that what is left of Yugoslavia — Serbia and Montenegro — has forfeited its membership, and other states, particularly from Africa, which say it should keep its seat.

Muslim countries in the Islamic Conference Organization form about 40 percent of the membership of the nonaligned group.

One African official was quoted by conference sources as accusing Muslim nations of waging a jihad against Belgrade.

A number of African and other nonaligned countries with minority problems fear that the Yugoslav affair may become a precedent for raising sensitive ethnic and religious issues at future meetings, undermining their national unity.

Since the Nonaligned Movement makes decisions on the basis of consensus, Yugoslavia is unlikely to lose its seat.

However, Malaysia, Iran, Pakistan, Egypt and a number of other Muslim countries want the movement to agree to a strong condemnation of alleged Yugoslav support for Serbian attacks against Muslims in Bosnia-Herzegovina and to demand that the United Nations intervene more forcefully.

Leading the Muslim attack, Abdullah Ahmad Badawi, the Malaysian foreign minister, said that if the Nonaligned Movement failed to confront the issue, it would be "wittingly or unwittingly protecting aggressor states within our midst and ensuring the marginalization of our movement."

He asserted that what was left of the old Yugoslav state was "abetting the most serious Serbian atrocities committed against the Bosnian Muslims and Catholics in Bosnia-Herzegovina."



Signaling their solidarity with Bosnia's Muslims, South African Shiites of Hezbollah marched in Cape Town on Sunday.

# In Serbia Itself, Ethnic Cleansing Purges the 'Impure'

By Peter Maass  
*Washington Post Service*

HRTKOVIĆ, Yugoslavia — Three Serbs walked into Zlatko Klobucar's Courvoisier Café a few days ago and placed an unusual order.

They told Mr. Klobucar, a Croat who uses a wheelchair, to leave town in 24 hours or they would wheel him into the Sava River.

He refused to comply. The thugs have not returned, but Mr. Klobucar believes they will. It was the third time in a month that Serbs had threatened to kill him unless he left Hrtkovci, where his family has lived for a century or so.

"There's a lot of tension here," he said. "There's a lot of pressure, and there's a lot of fear."

This is not blood-spattered Bosnia, where Serbs are carving out a new state for themselves through a notorious campaign of forced relocation and sporadic killing of non-Serbs known as "ethnic cleansing." This is Serbia, where ultra-nationalists have decided in recent months that ethnically impure spots need some cleansing too.

Relief officials say that tens of thousands of Croats and Hungarians in Serbia's Vojvodina Province have been forced from their homes.

In Hrtkovci, the cleansing is being done mostly by newcomers, Serb refugees from the wars in Bosnia and Croatia who have decided that the village belongs to them, not to its longtime residents. Their methods are as brutal as the fighting they left behind.

According to Hrtkovci residents, a Croatian-Hungarian man was decapitated in May after he tried to stand up to the cleansers. The man, Mijat Stefanac, was taken away by a group of ultra-nationalists, and later his headless body was found a few miles away.

Hrtkovci is a farming community that used to have about 4,000 residents, a mixture of Serbs, Croats and Hungarians who lived together without problems until the war refugees arrived.

The newcomers banded together under the leadership of a Hrtkovci Serb named Ostoja Sibinčić, who ignited the campaign of terror. Mr. Sibinčić was arrested on federal orders and is now in prison, but his armed followers fire random shots at night and throw hand grenades into the backyards of non-Serbs, villagers say. They visit the Croats and Hungarians, telling them, point blank, to get out of town and to sign documents relinquishing their homes and land.

Most have complied. Julijana Molnar has not. She is a sturdy Hungarian peasant who fought back tears as she rolled fresh dough on her kitchen table and talked about the nightmarish events of recent weeks.

About a month ago, several Serb refugees entered her yard uninvited and taunted her, saying that she must sell her cows and pigs because they wanted them. Every few days, she said, they stop by her house and pester her to leave.

When she goes shopping in town, they call her "Hungarian scum" and ask why she is still around. She described coming home one day and finding a butcher knife driven into her kitchen table.

"It's difficult to be a foreigner in your own village," she said. "My family came here 350 years ago, we didn't just come yesterday. We have nowhere to go. There's not a corner in Yugoslavia for us."

# BOSNIA: Gorazde Siege Ends as Shell Hits a Crowded Sarajevo Market

(Continued from page 1)

suburbs northwest of Sarajevo. The increasing intensity of fighting here and in Gorazde appears to have stalled, if not reversed, the momentum for a peaceful settlement to the Bosnian war that emerged out of the conference last week in London.

The tank shell that tore Sarajevo civilians to pieces in a marketplace on Sunday occurred just across the street from the headquarters of the United Nations peacekeeping operation.

"This is shocking that this shelling of civilians goes on right under our noses," said Fred Eckhard, a UN spokesman. "It is extremely

frustrating for us as peacekeepers to witness this and not be able to do anything about it."

The UN mandate in Bosnia has been limited to the delivery of humanitarian aid. Its armed peacekeepers are only authorized to use force to ensure that the aid gets through.

"The peace process has not begun in any meaningful way," Mr. Eckhard said.

The UN undersecretary-general for peacekeeping operations, Mark R. Goulding, is scheduled to arrive here Wednesday to supervise the beginning of the London agreement under which heavy weapons would be monitored.

"Goulding will meet with political leaders and get more commitments," Mr. Eckhard said. "He will see if the London agreement means something on the ground or if it is an empty agreement."

One of the promises made in London was a guarantee that all those expelled from their homes would have the right to return in safety.

But the Belgrade-based Tanjug press agency reported that Serbs in southeastern Bosnia-Herzegovina had banned the return of thousands of Croatian and Muslim refugees.

In announcing the Bosnian victory at Gorazde, the government

said in a statement that 90 Serbian fighters had been killed and "significant amounts" of arms captured in the liberation of 80 percent of the city.

"It is of tremendous importance for our self-confidence," said Ejjup Ganic, a member of the Bosnian presidency.

For two months after the war started in April, Gorazde was a magnet for Muslim refugees from other towns and villages along the Drina that had been overrun by Serbian forces.

It was sealed off by attacking Serbs near the beginning of June. Since then, except for one UN convoy of relief aid, the residents and refugees have been cut off from the outside world. They are without electricity, safe drinking water, medicine and adequate food.

The leader of Bosnian forces in Gorazde, Hadzo Efendic, said that Serbian forces had escaped while under attack from positions around the city. He said that the Serbs had not voluntarily unblocked the city and withdrawn, as asserted by a Serbian leader on Saturday.

# GERMANY: More Violence

(Continued from page 1)

be accused of incitement to a demonstration of support for Nazism, which is illegal in Germany.

The surge in violence has coincided with a huge influx of refugees into Germany this year, which could double last year's record of 256,000 asylum-seekers.

The latest troubles have heightened debate over whether Germany should toughen its asylum laws and how it should deal with a lack of tolerance that appears deeply rooted in the economically bleak post-Communist East.

Joschka Fischer, the environmental minister for the state of Hesse, criticized Chancellor Helmut Kohl's government and leading opposition figures Sunday for seeking stricter asylum laws.

Mr. Fischer wrote in the newspaper Frankfurter Allgemeine that the politicians have become "prisoners of the rightist radicals," and said that toughening the asylum laws would be "a de facto victory for the rightists."

In the industrial city of Leipzig, a dozen skinheads hurled firebombs Sunday and set ablaze a tent city set up for refugees. The police said there had been no injuries and that the foreigners had been evacuated.

About 60 people threw rocks at a refugee home in the northern town of Schwerin, but security officers turned them back and arrested 13 skinheads.

# RUSSIA: It's Society's Turn to Collapse as More and More People Decide 'Anything Goes'

(Continued from page 1)

vegetable sellers from the Caucasus who have a near-monopoly on the farmers' markets, to the old Communist bureaucrats who now have comfortable seats on the fence between state socialism and a market economy, to the organized gangs who have turned their theft into one of Moscow's most thriving businesses. Each day in Moscow 40 cars are reported stolen.

Crime has soared in Russia after the collapse of communism, as it did in Eastern Europe. Last year, the numbers went up by an estimated 18 percent; this year, the police

are reporting a rise of 30 percent to 35 percent.

"The situation is substantially aggravated by the illegal sale of arms," Interior Minister Viktor F. Yerin said. Guns now appear in the unlikeliest places, in one case spotted by a diner in a restaurant who watched amazed as his neighbor finished his meal, reached into his companion's purse, withdrew a large revolver and stuck it into his belt.

The effects of all this have galvanized a citizenry unaccustomed to a banning of criminal behavior. Break-ins have caused a run on steel doors, metal gates and alarm systems. Security companies are thriving, although some are racketeers whose offer to

protect premises are accompanied by vague threats of the consequences if their services are refused.

White-collar crimes also have taken off in the chaos of Russia's economic transition. Some are on a huge scale: The Russian Security Ministry recently reported confiscating 9 million tons of metal that was being smuggled out of Russia. According to another report, from the Interior Ministry, only two-thirds of oil exports are conducted legally. It was estimated in a newspaper report that more than \$100 million in bribes were paid to oil industry officials to ease the illegal flow of oil.

The bleeding of government resources and

private profit has spread into other spheres. One of the summer's juiciest scandals erupted last month in the wake of a gala opera festival starring José Carreras, held in Red Square on July 4 to 8. The event was rained on and President Boris N. Yeltsin, listed as a patron, never showed up. Nor did the expected audiences.

The affair was widely declared a commercial flop, but not, it seems, for the show's organizers. The newspaper Moskovski Komsolets reported that they had been given 310 million rubles in credits at preferred interest rates. They also were able to buy 36 million at about 16 percent of the prevailing exchange rate.

2 Major Bush Fires in Spain

VALENCIA, Spain — Two weekend bush fires in southeastern Alicante Province destroyed nearly 3,000 hectares of woodland, environmental officials said Sunday.

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**INTERNATIONAL Herald Tribune**

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INTERNATIONAL HERALD TRIBUNE, MONDAY, AUGUST 31, 1992

Page 9

CAPITAL MARKETS Investors Fleeing Bonds Ahead of Vote in France

By Carl Gewirtz International Herald Tribune PARIS — Anxiety about exchange rates and fears of turmoil that could follow the French referendum on European economic and monetary union later this month are driving investors out of bond markets and into the refuge of cash, preferably Deutsche marks — which do not pay the highest rates but do provide the greatest security for capital preservation.

The DM bond market continues to draw support, but other European bond markets are suffering from an absence of buyers and a surfeit of sellers. That leaves only domestic institutional investors, who can afford to be indifferent to possible exchange-rate realignments, willing to buy long-dated paper. And even they show no enthusiasm, fearing still further deterioration in bond prices in the run-up to the Sept. 20 vote in France.

Only in Germany have bond prices risen.

The most badly hit market is paper denominated in European currency units, the future single European currency if monetary union is achieved. Ecu bonds lack the support of any home market. And with investors only seeking to sell what they own, market-makers are unable to perform their function of standing between buyers and sellers.

Since end-May, when sentiment was still high that monetary union would lead to a convergence of rates of inflation and interest rates, the decline in prices has pushed up yields on 10-year Ecu bonds by a massive 123 basis points, or 1.23 percentage points, to 9.8 percent.

DURING the same period, eroding confidence and falling prices have driven yields substantially higher throughout Europe: Up 67 basis points in France, 70 points in Britain, 93 in Spain, 95 in Denmark and 137 in Italy.

Yields on guilden bonds are up only three basis points and in Swiss francs only 12 basis points, reflecting their refuge status as a close link to the Deutsche mark.

Only in Germany, the one country certain to revalue its currency if there is a realignment, have bond prices risen, nudging the yield on 10-year paper down two basis points to 7.89 percent. At present, the DM sector is the only European sector of the international capital market still functioning.

Earlier this year, the favored play of institutional investors was to buy European bonds and hedge the currency exposure into dollars. The expectation was that European bond prices would soar as monetary policy was eased and that the dollar would recover as the interest-rate gap with Europe narrowed.

This has been disastrous. As shown above, virtually all European bond prices have fallen and so has the dollar. The unwinding of the currency hedges has no doubt played an important role in pushing the dollar down, at a time when interbank traders claim not to be taking speculative positions against the dollar.

The favored trade now, portfolio managers report, is to borrow dollars at 3.5 percent interest to buy U.S. bonds paying interest around 7 percent for a net profit of about 3.5 percent, and invest cash in DM deposits paying 9.5 percent, making a total return on this operation of 13 percent.

Economists Offer Dismal U.S. Outlook

By Louis Uchitelle New York Times Service NEW YORK — For the third time in three years, the most prominent U.S. economic forecasters have reversed themselves, and they now say the recovery they had expected by late summer will not happen until this winter — if then.

New blows to the American economy are announced almost daily. [On Sunday, the Association for Manufacturing Technology said orders for U.S. machine tools fell 2.8 percent in July from June, to \$205.6 million, Bloomberg Business News reported. The decline reflected a 31.5 percent fall in exports, which overcame a 3.2 percent rise in domestic orders, to \$182.6 million. The overall figure followed a 32.9 percent June surge and was 6.4 percent higher than the July 1991 orders total.]

Some economists acknowledge their forecasting techniques might not be adequate to foresee accurately when the stagnation that has afflicted the United States for more than three years will come to an end.

That view shows up in public comments by Alan Greenspan, chairman of the Federal Reserve Board. It is reflected in the August survey of 50 forecasters polled monthly by Blue Chip Economic Indicators. And it showed up in interviews with economists who had predicted earlier this year that the economy by now would clearly be on its way to recovery.

"I am far more wary today than I was a few months ago of predicting how an economy in the midst of structural change is going to perform," said Stephen S. Roach, an economist at Morgan Stanley & Co. He had said in the spring that by now a recovery would be under way.

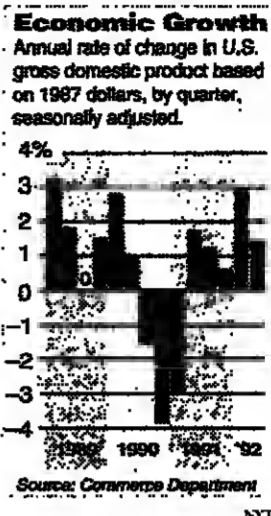
The prolonged stagnation is an issue in the presidential election campaign, of course. But in all their economic proposals either President George Bush or Governor Bill Clinton of Arkansas has embraced either of the two principal solutions offered by economists. One is to let the stagnation run its course;

once consumers and corporations work off their debts, they will borrow and spend again, and that process cannot be artificially rushed. The other argues for an artificial stimulant: Government should spend billions of dollars on public works, driving up the deficit in the process, but putting people to work with new wages to spend. Companies would then invest and expand to satisfy the growing demand.

The problem with the first solution is that the wait could be long. The business cycle is not functioning as it has since World War II — lifting the economy, then easing it into recession and then lifting it again in a familiar pattern of alternating, and more or less predictable, waves and troughs.

Since mid-1989, the gross domestic product has risen each quarter at an annual rate of less than 2 percent.

Not since World War II has the economy been so weak for so long. The forecasts of recovery have mostly said that in six to nine months consumers and corporations work off their debts, they will borrow and spend again, and that process cannot be artificially rushed.



Source: Commerce Department

See PREDICT, Page 11

Monetary Warning In France

Bérégovoy Says Treaty Rejection Would Harm EMS

PARIS — Prime Minister Pierre Bérégovoy, seeking to bolster sagging French support for the Maastricht treaty on European economic, monetary and political union, warned on Sunday that a "no" vote in a referendum next month could spark a European monetary crisis. The French prime minister, speaking after a week in which opinion polls have shown the French could vote "no" in the Sept. 20 referendum, also said rejection could cause a damaging split between France and Germany.

The surveys showed many French people worried about the economic implications of the treaty and fearful for the country's national sovereignty and identity.

In a television interview, Mr. Bérégovoy said that while the French franc would not be jeopardized, a victory for "no" voters would strike a blow at European Community economic and monetary coordination. In his previous position as finance minister, Mr. Bérégovoy was a leading proponent of a strong French currency, a policy known as *franc fort*.

Mr. Bérégovoy said that by rejecting the creation of a single EC currency, opponents of the accord were calling into question France's membership in the European Monetary Union.

He said current strains within the EMS were caused not by constraints imposed by the system's currency grid but rather by the falling dollar, which he attributed to U.S. policies.

Referring to Germany, he said unification had made it necessary "for Germany to be solidly tied to the European wagon."

"The Germans, who we are asking to reduce interest rates as soon as they can, are going to say 'You don't want Europe, we're going to take care of ourselves,'" he said.

At Fed Conclave, a Sea Change on Growth Ideas

By Lawrence Malkin International Herald Tribune JACKSON HOLE, Wyoming — More than a dozen years ago, economists and officials met in isolated watering holes such as this one to talk about high taxes, tight regulations and soaring inflation. The result was the free-market doctrine that became known as supply-side economics.

Now that economic growth in the 1990s has become stubbornly sluggish, the pendulum is swinging back toward investment, education and other publicly financed keys for governments to raise long-term growth that has been advanced by Governor Bill Clinton of Arkansas in the Democratic presidential campaign.

After a decade of low U.S. public investment and tax-cutting that has failed to raise savings, these proposed new public policies were the focus of the Federal Reserve Board's annual symposium for a select group of economists and central bankers here at the weekend. Studiously nonpartisan, Thomas E. Davis, research director of the host Federal Reserve Bank of Kansas City and planner of the conference, admitted he had a hidden agenda.

Mr. Davis said he was only too happy to have academic economists, some of whom fax their ideas direct to Mr. Clinton's headquarters, provide the theoretical underpinning for other ways of making an economy grow than demanding that the Fed take another whack at interest rates.

A last-minute cancellation came from Michael J. Boskin, chairman of the president's Council of Economic Advisors, who frequently jawbones the Fed for lower rates. Alan Greenspan, the Fed Chairman, who as a conservative counterweight curbed some of the supply-side ideologues when he helped draft Ronald Reagan's campaign speeches in 1980, lent his weight to the conference by moderating the opening session. He inaugurated it by declaring, "We

need to know much more about the long-term results of short-term policies."

Although billed as a meeting on worldwide problems of long-term growth, the focus was largely American. Norbert Walter, chief economist of Deutsche Bank, said he expected no less in an election year but participated because he found it essential to know "what the Americans are thinking."

His fundamentals for long-term growth involve migration, fertility, public investment and stable government policies. He cited the 50 percent rise in private investment

Deutsche Bank Calls for Easing

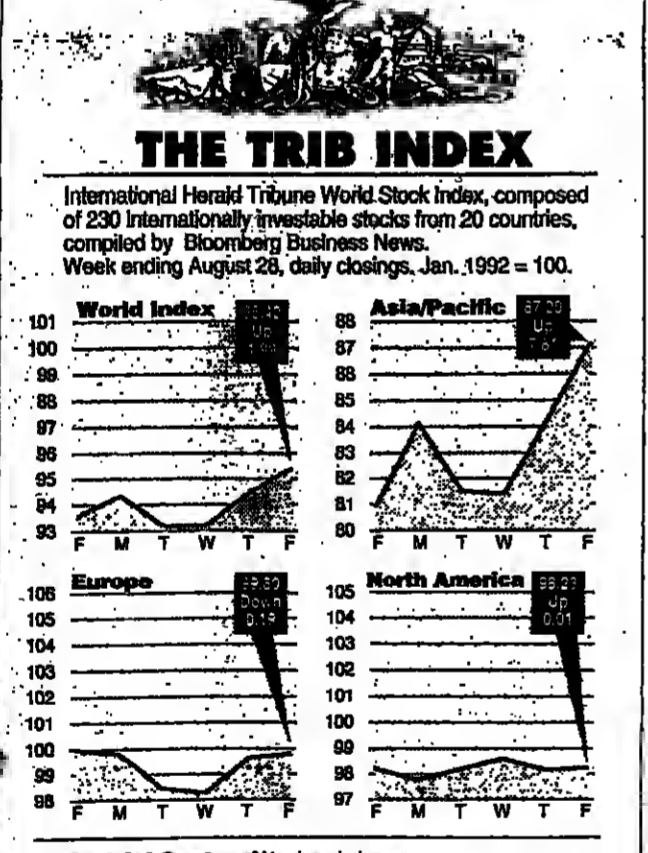
International Herald Tribune — Norbert Walter, chief economist of Deutsche Bank, is urging the German central bank to raise its money supply targets and thus enable itself to ease credit and lower interest rates.

In an advance copy of a Deutsche Bank research paper, which was to be released next month but was distributed at the Federal Reserve Board conference here, Mr. Walter pointed out that despite fundamental changes in the German economy since the mid-1980s, the Bundesbank's money supply target has remained between 3 percent and 6 percent.

He recommended that in order to exploit the potential of the expanded German economy and its enlarged work force following unification, the target should be raised to about 7.5 percent. He said specialists at Germany's universities — who are starting to criticize the central bank — should explain its actions fully to help it keep its credibility.

Mr. Walter added that if the Bundesbank kept too low a target for money supply, the country would have thrown away a unique opportunity to exploit its growth potential and likewise have transmitted the slow-growth policies to the rest of Europe.

See GROWTH, Page 11



Industrial Sectors/Weekend close table with columns for Sector, % Change, and % Change.

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

CURRENCY RATES

Currency Rates table with columns for City, Currency, and Rate. Includes sub-sections for Cross Rates and Forward Rates.

Barcelona Notebook

As KIO Quits Spain, the Name de la Rosa Is Heard in U.S.

The financial quagmire in which the Kuwait Investment Office has found itself in Spain has focused attention on one of the country's most controversial entrepreneurs, Javier de la Rosa. The KIO's Spanish power broker through the 1980s, Mr. de la Rosa was the key figure behind the innumerable acquisitions, mergers, state subsidies and divestitures involving KIO since it first invested in Spain in 1984.

In May of this year, Mr. de la Rosa broke his relations with the organization. A few weeks later, two of KIO's main Spanish affiliates filed for protection from their creditors with combined debt of \$1.6 billion. The Kuwait government agency's Spanish empire, headed up by Grupo Torres SA, began to tatter.

Nobody knows for certain how much money KIO has invested in Spain, how much it has made or lost, how much it owed, nor how much Mr. de la Rosa has made along the way. The estimated figures and the scale of the financial engineering are perplexing. According to some, Grupo Torres had a loss of just under \$400 million in 1991, as opposed to a \$32 million profit registered with the stock market commission, and has a total debt estimated at more than \$1 billion.

The sorry story began to come to a close with the change of management at KIO's headquarters in London and an unwillingness to bail out its Spanish investments. Mr. de la Rosa abandoned the sinking ship after selling his 70 percent holding in Torres but is still implicated to the KIO affair — some prefer to call it a scandal.

In mid-July came a sudden and curious \$2.5 billion bid for KIO's Torres operation from Mr. de la Rosa, faxed to the Kuwaiti finance minister. The bid mysteriously found its way onto the pages of the Financial Times and was withdrawn immediately afterwards. Was this a scribble, or merely a public-relations exercise? Some relate it to the current power struggle in the Kuwaiti government, others to a desire by Mr. de la Rosa to demonstrate internationally that Torres is still worth a lot of money, and that its previous management was indeed sound.

The role played by Mr. de la Rosa in the management of KIO's Spanish investments had always caused some unease. The early 1980s were a period of penance for Mr. de la Rosa, following his association with the failure of an ambitious fresh-food project in southern Spain, bordering Banco Español de Crédito with losses estimated at up to \$1 billion. Then began Mr. de la Rosa's rise with KIO. Torres was floated on the stock market in 1987 and withdrawn less than three years later. In exchange for Torres shares, investors were offered cash and shares in its real estate affiliate, Prima Inmobiliaria SA. During 1989, the share price of Prima doubled, while Torres dropped to 30 percent of its 1987 high; the deal went through at the optimum moment.

What is next for Mr. de la Rosa, still only 42 years of age? Three weeks ago, a U.S. bankruptcy court in Phoenix, Arizona, declared CK Acquisitions the winner of an auction for the purchase of Circle K Corp., the U.S. convenience-store chain. CK Acquisitions, which includes the ex-Kuwaiti finance minister Sheikh Ali al-Khalifa al-Sabah, is 11 percent-owned by Grand Tibidabo SA, the main investment vehicle of Mr. de la Rosa, who is both main shareholder and president.

Banking on the Press Another of Spain's celebrated young entrepreneurs of the 1980s who has seen his star rating decline in recent months is

man capable of succeeding the charismatic Felipe Gonzalez, who came to power 10 years ago. There can be few better political launching pads than a television station, if indeed Mr. Conde does outpace such visions of grandeur.

Olympic Booby Prize

The Summer Olympics in Barcelona were accompanied by a wave of euphoria in Spain. Not only was the organization economy — which many felt would help banish the image of a country that lives for its fiestas and siestas — but the Spanish Olympic team won an unprecedented number of medals. One of the most obvious winners was Juan Antonio Samaranch, president of the International Olympic Committee, who succeeded in getting the games to his home city. But Mr. Samaranch, as president of Caja de Pensiones, Spain's second-largest financial institution, was also a loser. La Caixa offered generous pension and life-insurance contracts to every Spanish medal winner. The cost was far higher than expected: \$55 million.

Few commentators could see the commercial sense of a bank becoming involved in an unprofitable television station, and Mr. Conde was accused of treating Banesto as if it were his own personal empire. Others saw the move as a vehicle for specific interests. Mr. Conde is being portrayed as a right-wing hope to become Spanish prime minister, the only

Brian McGarry

Sweden Sags: The Worst Is Yet to Come

By Erik Ipsen International Herald Tribune LONDON — Sweden rallied once again last week to the defense of its chronically weak currency, but the government now must face the domestic consequences of that victory. Having saved its currency by boosting interest rates that were already among the highest in the industrialized world, Sweden has solved one problem at the expense of worsening a host of others.

"The outlook is pretty bleak, in the short run at least," said Nils Lundgren, chief economist with Nordbanken AB in Stockholm. With domestic demand still falling, unemployment soaring and the minority government seemingly powerless to stop the slide or do much of anything at this point, economists said that the worst was yet to come for the depressed Swedish economy.

Once lauded for having one of the world's lowest unemployment rates, joblessness in Sweden today stands at 5 percent. Adding those individuals employed in special state-supported work programs, that figure rises to about 10 percent. Worse, large-scale unemployment now looks set to become a permanent fixture in a land where 99 out of every hundred workers traditionally found employment. "We will never go back to one percent unemployment," said Mr. Lundgren.

On the flip side, having grown accustomed to some of the highest inflation rates in Europe after suffering price rises averaging 8 percent over the last 15 years, Sweden today boasts a rate slightly less than 2 percent.

As elsewhere in Europe, the costs of that progress have been immense. Driven by market fears that sooner or later the Swedes will revert to form and devalue their currency in an attempt to reverse the rise in unemployment, the krona remains chronically weak. "Since Sweden is in a deep recession, the risk is that it will change its policy mix towards stimulating the economy," said Darren Cullen, an international economist with Salomon Brothers in London.

stock market. While export-oriented sectors such as pharmaceuticals and engineering have held up well, others more closely tied to the domestic economy have been devastated. Banking and property-related related stocks have fallen more than 50 percent this year.

Sweden's relatively strong exports, coupled with the steep fall in demand for imports, has given Sweden one of the world's largest trade surpluses, totaling 45 billion kronor (\$8.75 billion) last year.

But in Germany and Britain, two of its three largest export markets, Swedish manufacturers now face slumping demand. In the third, the United States, that weak demand is now compounded by the fall of the dollar.

Not only does that hit the sales of Volvos and Electrolux appliances in America, but it also makes life far more perilous for Sweden's large paper and board producers in export markets around the globe.

At this point, Sweden's minority government led by Prime Minister Carl Bildt faces difficult decisions and an ever tougher struggle to get those decisions enacted into law in parliament. Plans to cut deeply into Sweden's immense public sector remain stuck on the drawing board.

But the one thing that industrialists, the unions and even the opposition Social Democrats do not question is the correctness of their government's pledge to avoid devaluing its currency, something that Sweden once did almost routinely.

"It is true that the government may be losing its grip, but we do not have a Social Democratic alternative or anyone else waiting to come in and devalue," said one Swedish economist. Unfortunately, there is also not an abundance of support among politicians for tackling the government's ballooning deficit. At the time the budget was announced in January, the government estimated the shortfall at 71 billion kronor. This week most economists reckoned it would be twice that figure and one recent study predicted a deficit of 180 billion kronor.

'We will never go back to 1 percent unemployment.'

Nils Lundgren, chief economist, Nordbanken

Britain, many businessmen and economists rail at the high cost of borrowing with real interest rates of 6 percent.

In Sweden they wish they were that lucky. Real interest rates are now more than double those of Britain. "With these enormous real interest rates we have, of course there will be no investment," said the chief economist for a Stockholm brokerage.

The high cost of borrowed money, compounded by fears of rising unemployment, has sent Swedish consumers scurrying from shops in favor of locking their money away in the bank. Retail sales fell by 5 percent in May and dropped by 6 percent in June.

Big-ticket items like housing have been even harder hit. Nordbanken's Mr. Lundgren referred to the "catastrophe" in the building sector, where residential construction has fallen by 30 to 40 percent in each of the last two years.

To date, the only area where demand has held up well has been in exports, which have actually managed to grow slightly in the last year.

The anomaly of a desperately weak domestic economy and stable exports is mirrored in the

Air France to Help Vietnam

PARIS — Air France said on Sunday it would help Vietnam overhaul its aging fleet of commercial planes and might take a stake in its former colony's fledgling airline.

The chairman of the state-owned French airline, Bernard Attali, and the managing director of Vietnam Airlines, Nguyen Hong Nhi, agreed on the measures in an accord signed on Saturday in Hanoi.

Air France said. France, apparently convinced Washington will drop an embargo on trade and investment with Vietnam after U.S. elections in November, has recently stepped up its efforts to woo the former colony. In addition to helping Vietnam Airlines renew its outdated fleet of planes, Air France said it would help train the Vietnamese company's workers and service its aircraft.

BusinessWeek International. This week's topics: The Digital Revolution Is Almost Here, Hot Jags, McLarens and Lamborghini's, Japan's Companies Try Layoffs, Here Come 10,000 New Euronules, Sony's Big Turnaround In Hollywood. Now available at your newsstand!

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 222 40 00. Prices may vary according to market conditions and other factors. Aug. 28

Dollar Straights

Issuer Cn Mtr Price Yld

Governments/Supranationals

Table listing bond prices for governments and supranationals, including issuers like Austria, Belgium, Canada, etc.

Table listing bond prices for governments and supranationals, including issuers like France, Germany, Italy, etc.

Global Corporates

Table listing bond prices for global corporates, including issuers like American Express, Citicorp, etc.

Banks & Finance

Table listing bond prices for banks and finance, including issuers like Citicorp, First Interstate, etc.

Table listing bond prices for governments and supranationals, including issuers like Japan, UK, etc.

High Yielding Debt

Table listing high yielding debt, including issuers like American Express, Citicorp, etc.

Table listing bond prices for governments and supranationals, including issuers like Australia, Canada, etc.

Dollar Zeros

Table listing dollar zero bonds, including issuers like American Express, Citicorp, etc.

Table listing bond prices for governments and supranationals, including issuers like France, Germany, etc.

Floating Rate Notes

Table listing floating rate notes, including issuers like Citicorp, First Interstate, etc.

Table listing bond prices for governments and supranationals, including issuers like Japan, UK, etc.

Deutsche Marks

Table listing bond prices in Deutsche Marks, including issuers like Citicorp, First Interstate, etc.

Table listing bond prices for governments and supranationals, including issuers like Japan, UK, etc.

Pounds

Table listing bond prices in Pounds, including issuers like Citicorp, First Interstate, etc.

Table listing bond prices for governments and supranationals, including issuers like Japan, UK, etc.

Dollars

Table listing bond prices in Dollars, including issuers like Citicorp, First Interstate, etc.

Table listing bond prices for governments and supranationals, including issuers like Japan, UK, etc.

ECUs

Table listing bond prices in ECUs, including issuers like Citicorp, First Interstate, etc.

NEW YORK (AP) -

Financial news text starting with 'NEW YORK (AP) -' and 'The following table...'.

MUTUAL FUNDS

Figures as of close of trading Friday, Aug. 28.

Table listing mutual fund prices and performance, including fund names like American Mutual, etc.

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Table listing mutual fund prices and performance, including fund names like American Mutual, etc.

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New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price and week, Terms. Includes Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

Treasuries BeCALMED Between Conflicting Storms

NEW YORK — The U.S. government bond market was caught between the bad news of a sinking dollar and the positive implications of American economic growth that is slow at best.

June, domestic orders were strong, rising 3.2 percent, and they nearly overcame a 31.5 percent plunge in export orders.

Digital Takes on New Chief and a Load of Debt

NEW YORK — In what some analysts say is the first clear signal of the change in leadership at Digital Equipment Corp., the troubled computer maker has moved toward taking on as much as \$1 billion in new debt.

current cash squeeze, which is expected to cut deeply into the \$1.3 billion in cash Digital had at the end of its fourth financial quarter.

Olsen was simply philosophically opposed to using debt," he added.

Lufthansa Unions Set To Dig In

SEEHHEIM, Germany — The major transport and public-sector workers' union said Sunday it had gone to the upper limit of its ability to compromise in pay talks with Lufthansa AG and any further demands from the German airline could jeopardize the talks.

BUSINESS BRIEFS

Bulgaria Gets Debt Proposal

SOFIA (Reuters) — Bulgaria has received a proposal from its roughly 300 bank creditors on servicing its \$10 billion commercial bank debt, a government spokeswoman said Sunday, but no details were available.

Taiwan Said to Plan Stimulus Move

TAIPEI (Reuters) — The Taiwan government plans a package of measures to spur sluggish private investment and stimulate the slowing economy, a leading newspaper reported Sunday.

China Will Admit 9 Foreign Banks

BEIJING (UPI) — China's central bank is planning to allow the opening of nine foreign bank branches in Chinese cities in the near future, an official newspaper reported Sunday.

Macao Awards Air Terminal Contract

HONG KONG (Reuters) — A Portuguese-German consortium has won a 1.8 billion pataca (about \$230 million) tender to build Macao's airport terminal and to supply and install air navigation and airport equipment, the Portuguese news agency Lusa said Sunday.

DOLLAR: Foreign Exchange Market Now a One-Way Street into Marks

(Continued from page 1) the Bank of Italy and its European central bank allies.

Low Dollar a Curse, and Blessing, for U.S. Firms

By Patrick Oster

BRUSSELS — The common wisdom is that the plummeting value of the dollar, which reached record lows last week, is good for U.S. exporters.

national companies, Medtronic months ago hedged against unexpected drops in the value of the dollar.

based Bandag Inc.'s retreat there operations in Europe, the Middle East and Africa.

first six months of 1992 from the \$61.6 billion level reached in the first half of 1991.

GROWTH: A Fed Gathering Looks for Better Ways

(Continued from first finance page) into investment in new machinery and equipment for workers would increase total economic growth by about 0.25 percent per year.

Katz, two Harvard University economists, presented detailed evidence of the unsurprising claim that higher educational attainment and health standards increase a nation's economic growth.

Last Week's Markets

Table with columns: Stock Indexes, Money Rates, and other market data.

PREDICT: Economists Belatedly Decide U.S. Growth Outlook Is Grim

(Continued from first finance page) months the economy would be rowing at a job-creating annual rate of 2.5 percent to 3 percent.

most grow at an annual rate of more than 2 percent to make income rise and to shrink unemployment, which rose to 7.7 percent in July from 5.2 percent in April 1989.

MUTUAL FUNDS

Table with columns: Fund Name, Bid, Ask, and other financial data.

Euromarts At a Glance

Table with columns: Euromart Name, Bid, Ask, and other market data.

Weekly Sales

Table with columns: Market Name, Bid, Ask, and other market data.

Libor Rates

Table with columns: Libor Rate Name, Bid, Ask, and other market data.

# China Sees Seoul Trade Gains

**Reuters**  
SINGAPORE—South Korean investment in China will grow rapidly with the scaling of formal diplomatic relations between the two countries on Aug. 24, a senior Chinese official said Sunday.

"I believe that South Korea's investment will increase rapidly in future," said Jiao Si-fen, director general of the foreign investment department of China's Ministry of Foreign Economic Relations and Trade.

"South Korean investors will feel it easier to invest in China now because their investments will be protected by the formal ties," she said.

South Koreans had invested about \$400 to \$500 million in approximately 1,000 projects before the diplomatic barrier came down, she said. Bilateral trade had boomed, rising to about \$5.8 billion last year, from \$3.8 billion in 1990.

China will not extend special privileges to South Korean investors but they will enjoy the preferential treatment that applies to all foreign investors, Ms. Jiao said. "They invested in China before the building of diplomatic ties and that showed to a certain extent our investment environment was attractive to them," she said.

Ms. Jiao also said China planned to boost foreign investment by simplifying procedures for government approval.

She said the International Finance Corp., an arm of the World Bank, would conduct a review of such procedures with her department aimed at cutting red tape. "The study will start next month and end by the first half of next year," Ms. Jiao said. "Many foreign investors still complain there's too much red tape for getting approvals."

Ms. Jiao said the retail sector and import/export functions were being opened to foreign investment in six large cities and five economic zones.

Foreign investment in China rose rapidly in the first half of this year due to its economic boom and a more liberal economic policy, Ms. Jiao said. China has so far approved about 13,000 foreign projects valued at \$14.6 billion.

Foreign investment totaled \$11.9 billion in 1991 and \$6.5 billion in 1990.

# Pyongyang Weighs an Investment Easing

**The Associated Press**  
TOKYO—North Korea, one of the world's last hard-line Communist countries, is preparing to change its laws in an effort to lure much-needed foreign investment, according to a Japanese news agency.

Kyodo News Service, quoting unnamed Japanese trading sources, said Saturday that the preparations would supplement a 1984 law, which was patterned after China's joint venture law but so far has failed to attract any significant foreign investment.

The report follows the establishment of diplomatic relations on Aug. 24 between South Korea, Pyongyang's long-time rival, and China, its last remaining political ally and aid donor.

Kyodo said the legal changes would allow totally foreign-owned enterprises to operate in North Korea.

Although North Korea needs foreign investment and technology to generate export earnings, major Western companies have shunned it, in part because it is years behind in debt repayments from past dealings with foreign companies and banks.

# WORLD STOCKS IN REVIEW

## Amsterdam

Disappointing company news and a weak dollar drove prices lower on the Amsterdam market. The CBS all-share index lost 3.60 points during the week, to close at 192.80 Friday. Turnover increased.

Analysts at the Kempen & Co. brokerage said they expected prices to continue their downward trend this week.

## Frankfurt

The Frankfurt market was depressed by the weak dollar and fears that a strong mark would dent German exports.

The DAX index shed 3.55 points during the week, to close at 1,516.47 on Friday. The Commerzbank index ended down 13.8 points at 1,676.4. Volume increased.

Dealers said the tendency remained downward, notably following signs of a slight increase in inflation for the third quarter, which quashed hopes of an easing of interest rates.

Chemicals were mixed: BASF lost 9.70 DM, while Hoechst gained 1.20 and Bayer was up 2.20. Among industrials, Daimler rose 8.50, Mannesmann was up 1.50 and Siemens fell 7.20.

## Hong Kong

The market posted solid gains as stocks were buoyed by strong interim results from key companies. The Hang Seng index rose 59.21 points, to 5,628.6. Volume was up about 20 percent.

Prices rose after HSBC, Hongkong & Shanghai Bank's parent, reported a 51 percent rise in interim profit and Swire Pacific said its sixth-month earnings doubled.

Sassoon Securities said the Hang Seng index was expected to meet with some resistance at the 5,800 level, but it was optimistic that trade would pick up once fund managers returned from summer vacations.

## London

Prices sank, hit by the falling dollar and fears that the government would have to raise interest rates.

The Financial Times-Stock Exchange index of 100 leading shares lost 53.1 points, or 2.2 percent, to close at 2,312.6 on Friday. The FT-30 index shed 66.8 points, or 3.8 percent, closing at 1,680.6.

Since the FTSE-100's record high of 2,744.5 in May, it has lost about 16 percent.

Concern over the outcome of the Sept. 20 referendum in the Netherlands on the Maastricht treaty on European

union led to uncertainty in the stock market, with a buildup of opinion polls showing a movement toward rejecting the treaty.

Fears of a rise in interest rates hit building companies, with Redland, a roofing specialist, down 10 percent to 364 pence.

The beverages sector was underpinned by warnings on profits from Grand Metropolitan and Scottish & Newcastle. Grand Met lost 7 percent, to 389 pence, and S&N fell 11 percent, to 383 pence. Bass lost 9 percent, to 474 pence.

## Milan

Prices flirted with their lows for the year. The MIB index shed 25 points, or 3.14 percent, during the week, to close at 772. The MIB had gained 3.1 percent the previous week, one of its strongest performances of the year.

The index hit a low for the year—771 points—on Thursday.

The strong Deutsche mark and weak Italian and U.S. currencies put pressure on stocks all week, though volume was little changed.

Most blue-chips fell. Fiat lost 3.89 percent, Generali was down 2.41 percent, Montedison fell 1.39 percent and Olivetti lost 6.70 percent.

## Paris

The weak dollar, concern over a

possible rejection of the Maastricht treaty and the poor performance of other stock markets sent prices lower on the Bourse.

The CAC-40 index lost 56.65 points, or 3.3 percent during the week, and plunged through the 1,700-point level to finish at 1,687.53 on Friday. The CAC-40 has now shed nearly 20 percent during the past three months.

Analysts said they expected the weak sentiment to continue until the country votes on Maastricht on Sept. 20.

## Singapore

Prices closed firmer after fluctuating most of the week in directionless trading. The Straits Times Industrial Index put on 11.99 points during the week, to close at 1,359.30 on Friday. The broader-based SES All-Singapore Index rose 2.54 points to 365.77. Turnover was down about 30 percent.

## Tokyo

Prices soared as investors took heart ahead of the release of a government economic-stimulus package.

The Nikkei Average closed at 17,970.79 on Friday, up 1,753.91 points, or 10.3 percent, on the week. The composite Tokyo Stock Price Index rose 128.27 points dur-

ing the week to 1,379.97. Average daily turnover more than doubled.

The Nikkei has risen more than 3,600 points since Aug. 19, the day after Finance Minister Tsutomu Hata announced measures to bolster the slumping stock market. Mr. Hata's announcement came after the Nikkei hit its lowest level in more than six years, at 14,650.

The government unveiled its 10.7 trillion yen economic package on Friday.

Nomura Securities rose from 1,420 yen to 1,550 yen and Nikko Securities climbed from 570 to 670. Nippon Steel ended the week at 311 yen, up from 266 yen and Mitsubishi Heavy Industries rose from 556 to 593.

## Zurich

Heightened prospects of an easing of domestic interest rates were not enough to boost share prices on the Zurich exchange. The Swiss Performance Index shed 12.53 points, or 1.13 percent, during the week, to close at 1,090.37.

Chemical companies suffered from the weak dollar. Roche lost 60 SF to 5,060 and Ciba-Geigy fell 14 to 651. Elsewhere, the hurricane that devastated Florida had repercussions on the insurance sector. Reesources fell 160 to 2,290 and Zurich fell 35 to 1,820.

# NASDAQ NATIONAL MARKET

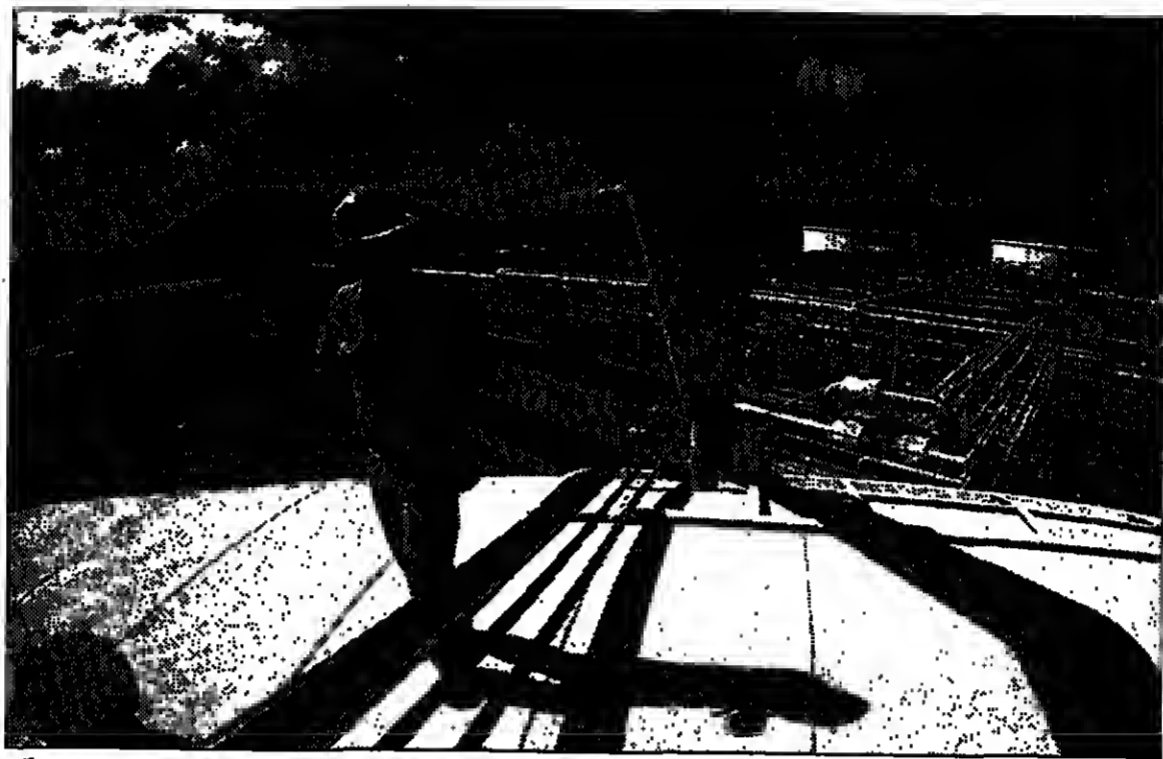
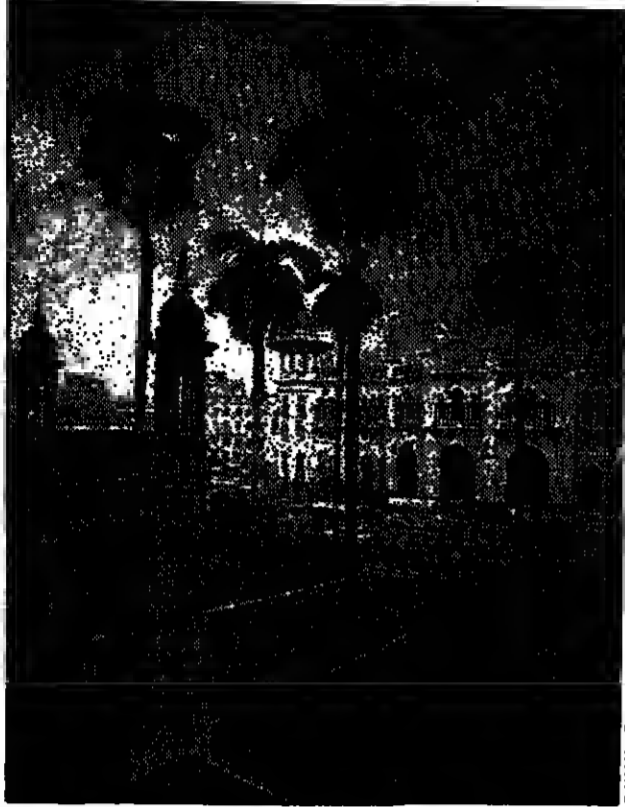
OTC Consolidated trading for week ended Friday, Aug. 28.

Symbol	High	Low	Close	Change
AAWB	44	42	43	+1
AAW	12	11	11	-1
AAZ	12	11	11	-1
AAE	12	11	11	-1
AAJ	12	11	11	-1
AAK	12	11	11	-1
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150 من الاجل

# MALAYSIA

## POWERHOUSE OF THE '90s



Elegance and modernity: The center of Kuala Lumpur (left); Esso oil production on the east coast (center); and the ornate dome of the Sultan Salahuddin Mosque (right).

### Economic Growth Brings Nation to the Point of Takeoff

As Malaysia speeds deeper into the 1990s, the nation finds itself on the brink of a new era: a transition from developing to newly industrialized status that will see Malaysia take its place beside the other economic "tigers" of Asia.

Everything seems set for this passage into the second phase of national development. The gross domestic product has been expanding at a rate of more than 8 percent a year since 1988, with a forecast of between 7.5 and 8.7 percent growth this year. More than 55 billion ringgit (\$22 billion) in foreign investment has poured into Malaysia since 1986, with another 30 billion ringgit expected in the next four years. And the gross national product has reached \$2,465 per capita, three times what it was in 1976.

"Over the last two or three years the economy has definitely grown quite fast," says Low Peng Lum, director of industrial promotions for the Malaysian Industrial Development Authority. "This year there will probably be a bit of a slowdown, although based on the performance of the first quarter we are still achieving 9 percent growth. But a slowdown is good in a sense because we have been growing too fast. It will give us a bit of a time to consolidate."

The national leadership also seems ready for the challenge ahead. Prime Minister Mahathir bin Mohamad has emerged as a champion of both Malaysia and the developing world, with a growing reputation as an international statesman who is not afraid to voice his philosophy and opinions. His National Front coalition is firmly entrenched as the dominant political force in Malaysia, with a strong pro-business slant and a moderate social stance that stresses religious tolerance and racial harmony.

The National Front is strong, but democracy continues to flourish in Malaysia, as exemplified by elections in Kelantan state that put the Muslim fundamentalist Parti Islam into office.

Despite minor disputes over trade and diplomatic issues, Mr. Mahathir has managed to strengthen Malaysia's relationship with the United States during his 11 years in office. The United States is now Malaysia's second-biggest trading partner in terms of both imports and exports. Bilateral trade between the two nations reached 25 billion ringgit in 1991 and Americans are now the third largest investors in Malaysia. In the electronics industry alone, U.S. companies employ more than 45,000 people.

"American investment in Malaysia has been steady," says Mr. Lum. Washington and Kuala Lumpur have also strengthened their defense ties.

With a population of 17.5 million, Malaysia is relatively uncrowded by Asian standards, giving it a distinct advantage over nations like Indonesia (187 million) and Thailand (55 million), which have greater burdens of poverty and other social problems. For instance, Malaysia has a lower infant mortality rate and a greater proportion of doctors than either Indonesia or Thailand.

Malaysians have been ranked among the world's best workers in a competitiveness survey carried out by the Swiss-based World Economic Forum and the International Institute of Management Development. The survey determined that the Malaysian work force is characterized by hard work, loyalty and tenacity, plus a willingness to learn.

The key to Malaysia's current economic boom was a 1986 decision to ease foreign investment regulations. The government succeeded in eliminating much of the red tape while also granting tax breaks and allowing foreign investors full equity in manufacturing projects that export more than 80 percent of production. This caused a landslide of overseas interest. Many of the world's biggest companies — notably the Japanese industrial giants — grabbed at the opportunity to establish manufacturing and regional export bases in Malaysia.

Another important factor in the country's economic success is privatization. Kuala Lumpur decided a number

of years ago that state-owned companies would perform better if put under the same scrutiny as those in the private sector. As a result, many of the largest state utility, industrial and plantation companies have been thrust into the open market.

A dozen privatized companies, like the electricity concern Tenaga Nasional and the national telephone corporation Syarikat Telekom Malaysia, are now listed on the Kuala Lumpur Stock Exchange with a combined market capitalization of more than 65 billion ringgit, a third of the exchange's total value.

The financial sector has also been deregulated, spurring growth in both the stock market and the banking sector. "Banks are now more at ease to do what we want to do to create a suitable environment," says Kamil A. Rahman, senior vice president of the Bank of Commerce (Malaysia) Berhad. "Previously we were really guided by the government and controlled by them, and that made it difficult for banks to operate."

Like most rapidly expanding economies, Malaysia is struggling to come to grips with soaring inflation, a deteriorating trade balance and other fiscal hiccups. Inflation could top 5 percent this year, despite a drive by the government to limit the rate to 4.5 percent. The state bank decided to tighten the money supply about a year ago, with a corresponding rise in the base lending rate to roughly 9 percent, the highest level in six years. Even so, the consumer prices index continues to climb.

"Over the past couple of years efforts by the government to bring in more investment have been very successful, resulting in a good inflow of capital into Malaysia and a good capital situation," says Mr. Rahman. "But the natural result of this is inflation coming in. The government wants economic growth, but not at the price of stability. So they are trying to control inflation with high interest rates and other measures."

Massive export growth has failed to counter a rising thirst for imports, much of it equipment to improve transportation infrastructure and the service industry, and machinery for new factories. Malaysia suffered an overall trade deficit last year for the first time since 1982. In the first quarter of 1992, the trade deficit hit 2.2 billion ringgit compared to just 1.8 billion ringgit during the same period last year. As a result, the current account deficit could reach a record 17 billion ringgit this year.

Growth in the manufacturing sector has slowed this year, although the current rate of around 10 percent would be envied by most developed and developing countries. The government blames the fall on declining productivity and sales in the textiles and electronics industries. "Based on trends, we expected performance to slow down this year," says Mr. Lum. "This can be attributed to the worldwide economic scene."

Malaysian consumers are also tightening their belts in anticipation of a mild economic downturn. According to the Malaysian Institute of Economic Research, passenger car sales fell 11.2 percent in the first quarter compared to the first three months of 1991, from 28,000 to just under 25,000 units. Lower consumer spending is expected to continue as the government presses ahead with efforts to get people to bank more of their savings. Government authorities are toying with the idea of introducing a compulsory savings plan similar to the one in Singapore. The rate of economic expansion has also strained Malaysia's infrastructure. In many areas, the development of transport and utilities has failed to keep pace with growth in the manufacturing sector. "Fast growth

has put a lot of pressure on our infrastructure," says Mr. Lum. "But the government is very aware of this. We are still in a position to cope. If you look at the Sixth Malaysia Plan, the government has allocated 26 billion ringgit just for the development of transportation and communications — roads, railways, telephone and power. So I don't think this will be a problem."

Meanwhile, the small population has led to a shortage of skilled workers in some areas, a problem that is being tackled by the government with the establishment of vocational training centers and better incentives for the learning of skills.

The country cannot help but be affected by economic trends that are unfolding in other parts of the globe. One of the recent events that has most worried Malaysia was the conclusion of the North American Free Trade Agreement in early August. There is a fear in Kuala Lumpur —

and most Asian capitals — that NAFTA will shift the balance of trade to the far side of the Pacific.

In anticipation of NAFTA, Mr. Mahathir and other regional leaders have been pressing for the establishment of a regional trade group in Southeast Asia. The proposed ASEAN Free Trade Area would combine Malaysia, Thailand, Indonesia, Singapore, the Philippines and Brunei in a bloc of more than 300 million consumers. But Mr. Lum is not especially worried about competition.

"I generally think that people will still look to Malaysia," he says. "Our infrastructure is still good, the investment policy of the government is still liberal and we still have the ability to make competitive goods. Our productivity is high and our wage rates are low, and that certainly enhances our competitiveness and makes us more attractive to foreign investors."

Joseph R. Yogerst

#### U.S. investment in Malaysia is increasing

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Joseph R. Yogerst is a journalist based in Singapore. • Garry Marchant is a journalist based in Hong Kong.

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## Tourism Aims at 20 Million Visitors

After a decade of unprecedented growth, the sky would seem to be the limit for Malaysian tourism. The industry has yet to develop many of Malaysia's prime beauty spots and recreation areas, leaving plenty of room for expansion.

The number of tourist arrivals has doubled in the last decade, from 2.77 million in 1982 to 5.54 million last year. "But 20 million tourists is our planning target," says Ahmad Bakri Shabdin, director-general of the Tourist Promotion Board. "That is not an impossible target. By the year 2000 we hope to have an infrastructure and service industry that can handle that many people."

Given the amount of investment, promotion and hard work going into the tourism industry, Malaysia has a

— known for its bird and undersea life—aboard a small cruise ship that departs from Kota Kinabalu.

Langkawi is perhaps the best example of how a sleepy tropical backwater can be transformed into an international resort almost overnight. Five years ago, almost no one outside of Malaysia had even heard of the island, but now it is one of the hottest new beach resorts in Southeast Asia. A number of luxury hotels have opened their doors in recent years, including the 1,500-room DeLima and a brand-new Sheraton that was built in a hundred days.

Swedish developers are building a \$150-million floating hotel with 150 rooms that will be anchored off the coast of Langkawi by the end of 1993, and the island's development authority has approved plans for the construction of a marine theme park with dolphin pools, fishing ponds and restaurants. Meanwhile, the government is putting \$1 billion into improving the island's roads, utilities and airport.

Despite the recent financial demise of the giant Desaru complex in southern Malaysia, tourism development is also doing well in Johore Bahru and the surrounding area. With a reputation for good food and budget shopping, Johore is especially appealing to the 3 million Singaporean tourists who come to Malaysia each year. In keeping with the national tourism development theme, Johore is diversifying its attractions with the construction of new golf course and beach resorts and the promotion of historic features like the museum in the old sultan's palace.

Both government and private enterprise are nurturing a broad range of holiday attractions. Rather than rely on single attributes, like shopping or beaches, Malaysia hopes to attract an increasing number of people who are drawn to its historical, cultural and natural attractions. In particular, adventure travel is thought to have a bright future, based on the country's extensive natural areas and diverse range of ecosystems, including jungle, mountains, coral reefs, underground cave systems and mangrove swamps.

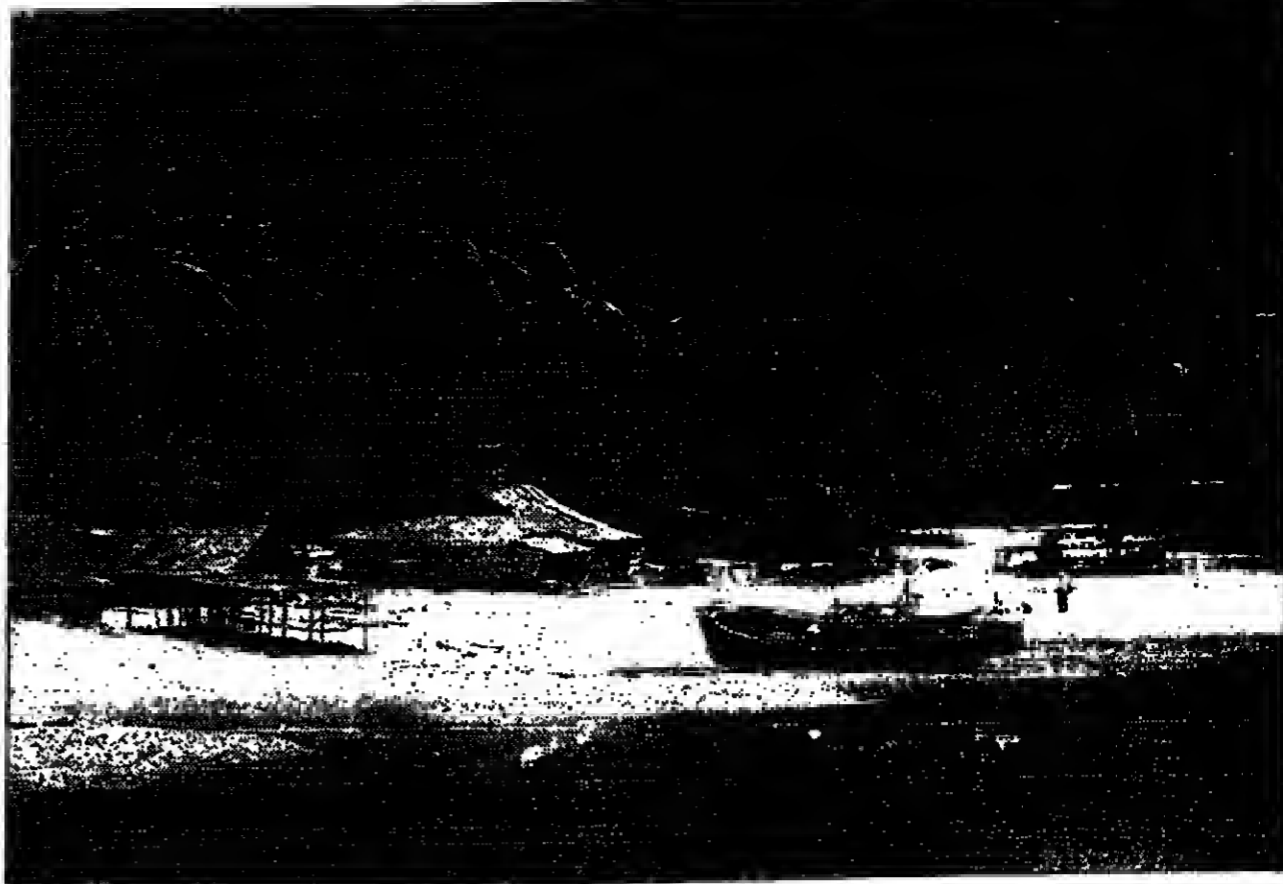
The potential for wildlife viewing is perhaps greater in Malaysia than in any other country in Southeast Asia. Malaysia has a comprehensive national park system that includes the ancient rain forest of Taman

Negara, Mount Kinabalu (the highest peak between New Guinea and the Himalayas), the secluded Turtle Islands and the Mulu Caves, which are thought to be the world's largest limestone caverns.

The government is also interested in stimulating growth in domestic tourism through a new promotional campaign that urges Malaysians to see their own country as well as by the construction of a 100 million ringgit network of budget hotels and the publication of a directory that lists local sights in each area.

"It's a bit difficult to establish the amount of domestic travel when most of it is for visits to friends and relatives," says Mr. Bakri. "We are encouraging people to support the local tourism industry by staying in hotels. The government itself has come in to rectify the situation by encouraging budget travel that is more affordable to the domestic traveler. And certainly the construction of highways will make domestic travel much easier."

Malaysian Airlines is doing its bit to promote tourism through a global advertising campaign and an expanded route network. Last year, the national carrier announced an 8 billion ringgit program to upgrade and expand its fleet over the next decade. The shopping list includes 26



A beached fishing boat at the picturesque village of Kampung Patah Malam in Trengganu.

Boeing 737 aircraft, 10 Airbus 330s and 10 Boeing 747 jumbos.

The airline is boosting its internal service to meet growing visitor demand. "A few years ago, tourism was a small industry," says Dato Kamaruddin Ahmad, chief executive officer of MAS. "Malaysia went out aggres-

sively and now it has become important. To serve it, we are increasing our frequency on domestic routes."

Civil aviation authorities recently opened a new terminal at Kuala Lumpur International Airport and have announced plans to construct a 20 billion ringgit mega-airport at Se-

pang within the next decade. The new facility will have four times the capacity of the current airport and is expected to compete with Singapore's Changi Airport as a regional hub. A new international airport is also planned near Penang.

J. R. Y.

## National Carrier Expands Its International Horizons

Despite a slow start, Malaysia Airlines has grown to become a major international carrier. In the 1990s, the airline is launching a major expansion program in both routes and aircraft.

In 1937, when men in the tropics still wore pith helmets and women carried parasols, most travel in Malaysia was by steamship or rail, while short distances were covered by road.

Seeing a future for air traffic, the Straits Steamship Company, Ocean Steamship Company and Imperial Airways jointly established Malaysian Airways Limited. This developed over the years, with several changes of name and ownership, into Malaysian Airlines Berhad.

The new company was registered on April 3, 1971 and on November 30, 1971, it was renamed Malaysian

Airline System Berhad (MAS). The national airline soon established a reputation for service in the tradition of most Asian airlines. While it had to concentrate on serving the domestic market, it also expanded internationally.

MAS performed an essential service in a diverse country. Flying is the only practical mode of transportation between East and West Malaysia and within the rugged interiors of Sabah and Sarawak on the island of Borneo. Malaysian Airlines now operates 18 rural stations in Sabah and Sarawak.

Today, the Malaysian government

along with the state governments of Sabah and Sarawak jointly own 70 percent of the profitable airline.

In October 1987 the airline got a new image, new colors and a new name: Malaysia Airlines.

The later part of the decade saw rapid growth in route structure. Before 1989, Malaysia Airlines had 27 destinations. In 1989, it added nine destinations in Asia, Europe and New Zealand and in 1990 nine more, in the Pacific (Honolulu), Europe, the Middle East (Tehran) and Asia.

This year it added two new continents, with services to Johannesburg and Mexico City. As well, it is the first Asian airline to obtain the right to carry passengers between Los Angeles and Mexico City.

By the end of the year, aircraft with the distinctive Kelantan kite

logo on the tail will be seen in 35 domestic and 52 international destinations. Over the next few years, the airline will expand its fleet from about 64 aircraft, including 28 on lease, to 94 aircraft. It has already ordered nine long-haul B747-400s by 1997, 26 B737-400/500s and 10 A330s. It has also secured options to purchase a whole fleet of other modern aircraft. MAS's managing director, Kamaruddin Ahmad, says that the airline will concentrate on newer planes, with fewer aircraft and engine types for more efficient maintenance.

Meanwhile, Malaysian Airlines has its long-range sights on destinations from Athens to Vancouver, Rio de Janeiro to Rome. It seems that the sky is the limit for planes bearing the Kelantan kites.

Garry Marchant

## MALAYSIAN RAINFOREST

### MANAGING OUR FORESTS

# FOR THE FUTURE



Since 1901 Malaysia has been leading the rest of the world with her sustained yield forest management. This fact has been attested by such international organizations as the International Tropical Timber Organisation (ITTO) and The Food and Agriculture Organisation (FAO). They have confirmed that Malaysia's forest management policy is one of the best amongst tropical countries and even exceeds the standard established in some developed countries.

Timber products are the second largest revenue earner for Malaysia and provided direct employment for 160,000 people. Hence it does not make sense for Malaysia to destroy her rainforests.

If a boycott or other trade restrictions on tropical timber is effected, the economic value of the forests will lessen and this will only result in increased pressure to clear the forests for other land uses.

The main cause of deforestation is poverty, the result of slash and burn practice and the need for wood as fuel. In Malaysia, we have successfully overcome the problem of rural poverty and shifting cultivation through a systematic development programme.

Tropical timber accounts for only 25% of the world's timber trade, although rainforests cover more area than temperate

and boreal forests combined. (Source: FAO). According to the GATT Secretariat, total trade in tropical timber is less than 1% of total trade in the developing countries.

Contrary to some common misconceptions, 72% of Malaysia's total land area or 23.58 million hectares are under tree cover—59% natural forest and 13% plantation trees.

We have also been unjustifiably accused of violating the rights of our forest dwellers, especially the Penans who number 10,000 in total. Of these, 400 are still roaming the jungles and our government has set aside 65,000 hectares of virgin jungles for their special use. Through funds collected from royalties on logging, service centres at strategic locations have been built, providing health, welfare and education facilities. However, due to the harsh jungle life of high infant mortality rate, low life expectancy and vulnerability to diseases and illnesses, it is incumbent on a responsible government to encourage—not force—these nomadic Penans to settle down so that they can benefit from the fruits of development as equal citizens.

We recognise that there are still a lot of areas that need improvement. We are totally committed to upholding a respon-

sible forest management policy so that this natural resource can be a sustainable viable industry for generations to come.

The forests of the world are essential in preserving the delicate balance of the global ecosystem. Protection of the forests and the environment urgently requires pragmatic, down-to-earth global response. Malaysia calls for a comprehensive, holistic effort to ensure that by the end of this century at least 30% of the land area of this planet shall be forested. On our part, we have undertaken to ensure that at least 50% of our land area will remain permanently under forest cover. We are, therefore, absolutely certain of having forests for the future—the TROPICAL EVERGREEN FORESTS OF MALAYSIA!



KEEPING  
MALAYSIA  
EVER GREEN

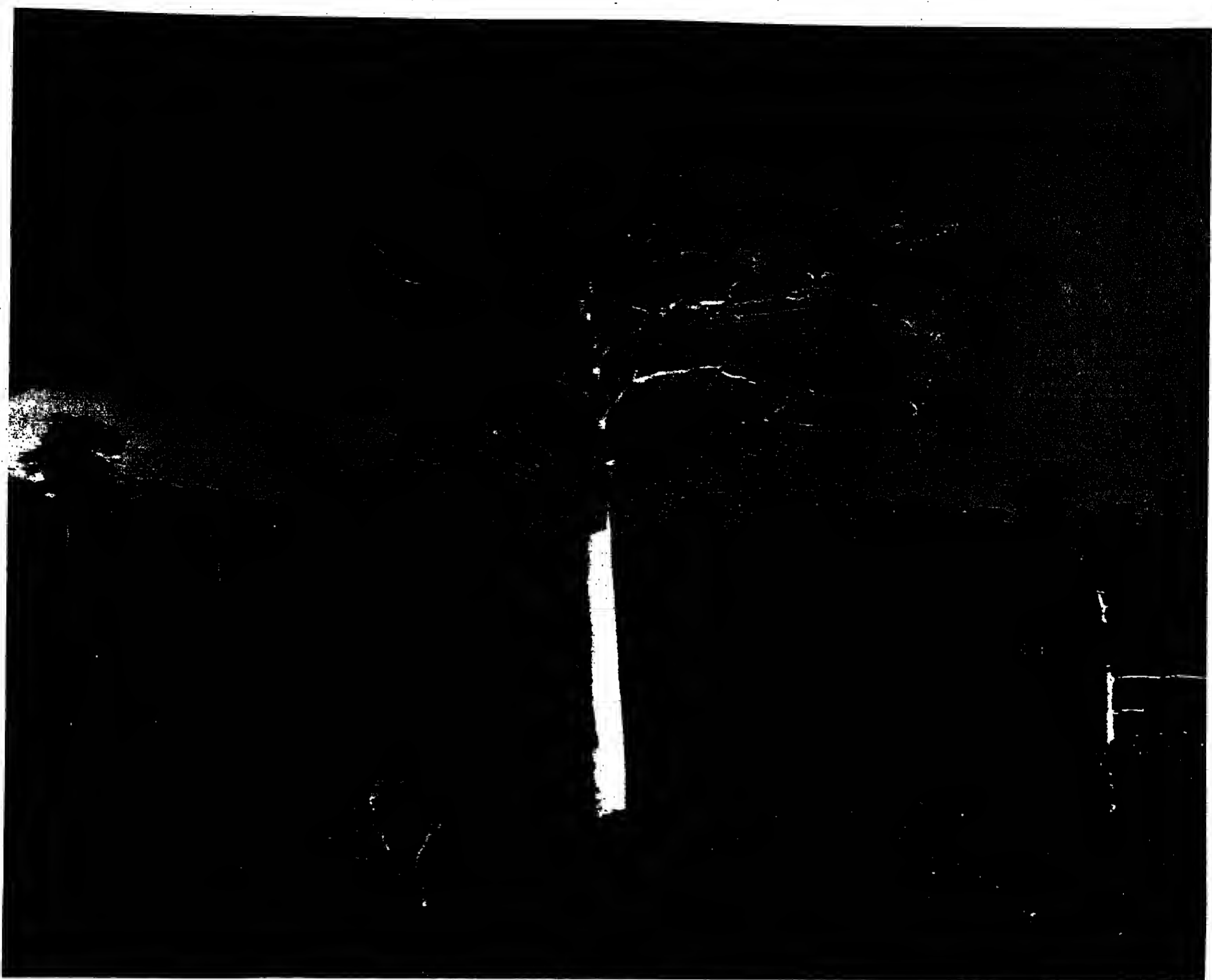


THE MALAYSIAN TIMBER  
INDUSTRY DEVELOPMENT COUNCIL

For more information, please contact: The Malaysian Timber Industry Development Council, 9B, 9th Floor Bangunan Arab Malaysian, 55, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia. Tel: 03-2323999 Fax: 03-2386376.

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ad Horizons

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# Sime Darby

┌ A new breed of corporate giant rising to challenge top businesses in both the Orient and the West. ┐

FORTUNE, Fall 1990.

Whilst the rest of the world was affected by the Gulf crisis and global recession, in the Asia Pacific region, one country in particular was experiencing 9% growth per annum - Malaysia. And one corporation played a prominent role in that growth - Sime Darby.

*"... sitting on a lot of cash, and this is a region of opportunity."*  
ASIAWEEK, July 5, 1991.

Founded in 1910 by a Scottish adventurer and an English banker, the Sime Darby Group now commands some impressive credentials. Market capitalisation of over US\$2 billion. Group turnover in 1991 exceeding US\$2 billion, a 12 percent increase over the previous year. A 30,000-strong workforce, spread throughout the region and other parts of the world. Six major core areas of business. One is apt to think that this company has pretty much rewritten the meaning of the word 'growth'.

*"... first class management, fat profits, and scorchingly hot growth rates."*  
FORTUNE, Fall 1990.

This track record of non-stop growth for both Sime Darby and its partners seems to stem from their commitment to the time-honoured values

of reliability, fairness and plain honesty.

When it comes to joint ventures, the Sime Darby Group subscribes to one solid principle. That plain, old fashioned hard work, a commitment to quality and professionalism are the keys to successful partnerships.

Perhaps the most convincing testimony to the Sime Darby principle are the heavyweights which have chosen it as their business partner. Michelin. Esso. BMW. Caterpillar. Chubb. Ford. Hertz. Land Rover. Rengo. Inax. Shell. And Sumitomo Rubber Industries of Japan, to name a few.

*"... when facing recession, it still has good profits."*  
NEW STRAITS TIMES, November 18, 1991.

Professional management and a strategy of consolidation have resulted in Sime Darby being rated one of the rare multinationals that still reaps outstanding profits in times of recession.

Companies looking for an investment partner in the Asia Pacific region can contact Sime Darby at: The Communications Department, Sime Darby Berhad, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia. Telefax: 03-2987398, Telex: SDMAL MA 30038.



SOUTHEAST ASIA'S LARGEST MULTINATIONAL COMPANY

COMMODITY TRADING • ENGINEERING • FABRICATION • GENERAL TRADING • HEAVY EQUIPMENT • INSURANCE • MANUFACTURING • MOTOR DISTRIBUTORSHIP • PACKAGING • PLANTATIONS • PROPERTY DEVELOPMENT • LEISURE

# The 'Green' Debate Over Conserving Timber Resources

Datuk Seri Lim Keng Yaik, Minister of Primary Industries, speaks about recent disputes with ecology groups over logging in Malaysia and about the country's plans for managing timber resources.

More than any other country in Southeast Asia, environmentalists seem to pick on Malaysia when it comes to forest policy. Why is that?

It's quite simple: because they have found a human face in their campaign and that human face is that of the Penans [an ethnic group that lives in the Sarawak rain forest]. It has been recognized by foresters that Sarawak, among all the tropical timber-producing countries in the world, has the best tropical forest management policies. And yet we have come under tremendous attack in the last four or five years. In order to get people in the West to appreciate the anti-logging movement, they add on the human face of the Penan and use the stereotyped image that people in the East have despotically governments where the elite is taking over from the colonial masters to be the exploiter of the people. And that has given them the momentum for their campaign.

Why does the average person in the West care what happens to people in the Malaysian jungle?

Consumers in Western countries still have this sentimental attachment to the concept of the "noble savage." If you live in the jungle, then you see whether it is easy or not. It's no joke. You have to fend for yourself in facing the harshness of the tropical rain forest. We do not apologize to anyone for trying to bring our forest dwellers into the mainstream of national development, although we admit that in the process people's lives are upset.

Do you think Malaysia has a difficult time explaining its side of the timber controversy in the world arena?

We are doers and we are bad explainers. But we are now starting an international task force in Europe, the United States, Australia and Japan to explain our policies and counter all the misinformation and unfounded accusations. For us to get into the electronic media — like the BBC or German television — is almost impossible. You think they can give me the same amount of time they give environmentalists? Those people are there all the time, but how often can I go to Europe?

Do you think that Malaysia has better forest management policies than its neighbors?

Yes, yes, yes. This is not some-

thing decided by ourselves, but by international groups. Of course, when they want to pick on us they say: Yes, you have the best on paper, but when it comes to implementation you have weaknesses. We are a developing country. We hope that we can have forest rangers in the



MARSHAL EMBERT

proportion that you find in Germany. But we cannot afford those forest rangers now. We want to learn. We want to have better methods of forest management as well as implementation in order to put the forest that we have on a sustainable yield. We can do that because we still have natural forest. And we know that even without foreign pressure — for our own good — we must maintain these forests in perpetuity. For our own good!

Will Malaysia continue to transform forest into farmland?

In the early part of our independence we wanted to stand on our feet, especially economically, and so we embarked on opening up forests for agricultural purposes. Now that we have come to the stage where our agricultural and plantation sector is short of labor, there is no pressure on opening up land as there was in the '60s and '70s. We realize that as commodity producers we are subject to the pressures of the developed consuming countries; that it would be better to go into industrialization and manufactured goods. As we move towards industrialization the pressure on land will be reduced and

may even be turned into a positive factor — that some of the land that we have opened for agricultural purposes can now be returned to forest. Not natural forest, but planted forest. You must remember that 58 percent of Malaysia is still natural forest — that's 33 million hectares.

Can you describe Malaysia's master plan for managing its timber resources?

At least 40 percent of the natural forest will be kept under virgin forest — for national parks, wildlife sanctuaries, for protection of biodiversity and water catchment areas. That means 60 percent of the forest could be put to productive use, using the sustainable yield management of selective logging, with cutting cycles of 30 to 50 years for the maintenance of the amount of logs taken out and replaced through natural regeneration. Of course, the purists say that no logging is sustainable in terms of timber yield. The purists argue that logging is at best disturbing the ecosystem and therefore in a certain way destroying biodiversity. We say that as we lock up a certain amount of our land in its virginity, we will be able to maintain our biodiversity in its fullness.

Does Malaysia have a time frame for achieving sustainable cutting?

Of our own volition, the chief minister of Sarawak went to the International Timber Organization Conference in 1989 and invited the ITO to send a mission to Sarawak and recommend the amount of sustainable yield logging that can be done. The figure they reached was 9.2 million cubic meters. The chief minister gave them a commitment that Malaysia would be able to meet that target by 1994 — which gives us just two more years.

How much is being cut at the present time?

Sarawak produced 18 million cubic feet in 1990 and 1991. Twelve million of that comes from permanent forest estates and 6 million from the conversion of state forest into other uses. Sarawak needs to open up more to agriculture, to diversify and improve its economy, but that's temporary. And we have a commitment to reduce the amount taken from forest estates from 12 to 9 million cubic meters. These people [environmentalists] are making a hullabaloo over this. They told me in 1988 that if we don't stop now everything will be lost in five years. But go there now — there's still a lot of forest left in Sarawak.

Do you think that Western governments and environmental groups

underestimate Malaysia's ability to manage her own forests?

We are not so stupid as to cut down all of our natural resources and encourage downstream production if we are going to become a net importer of timber in the future. People should give us more credit for running our own country.

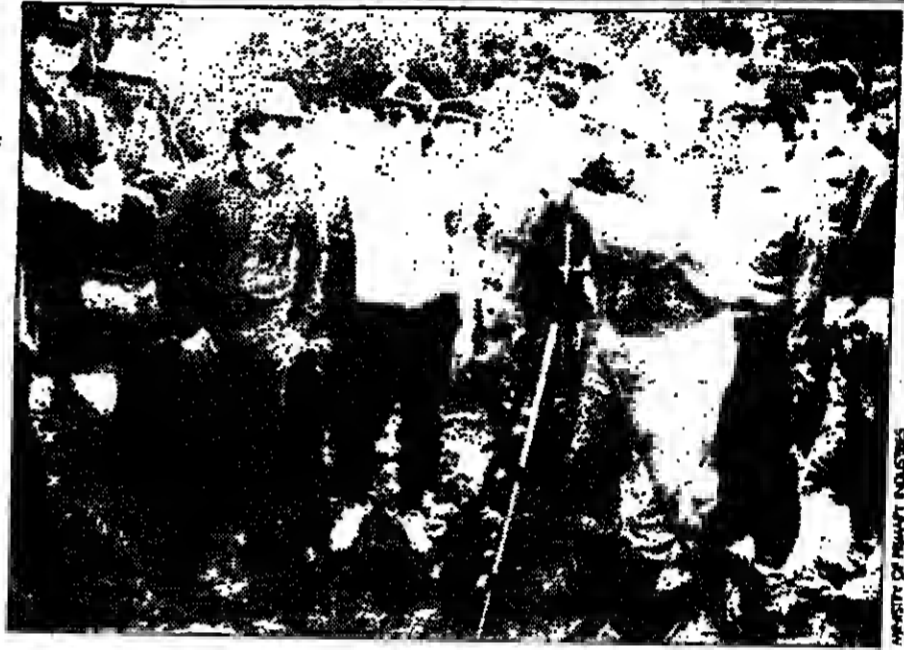
How important is the timber industry to the Malaysian economy?

Because we are a developing nation, our timber industry — which accounts for 10 percent of our export earnings — is a quite important aspect of our economy, especially in Sabah and Sarawak, which are the least developed of the states of Malaysia. Their main resource is the forest. To tell them not to use God's gift would not be acceptable to us.

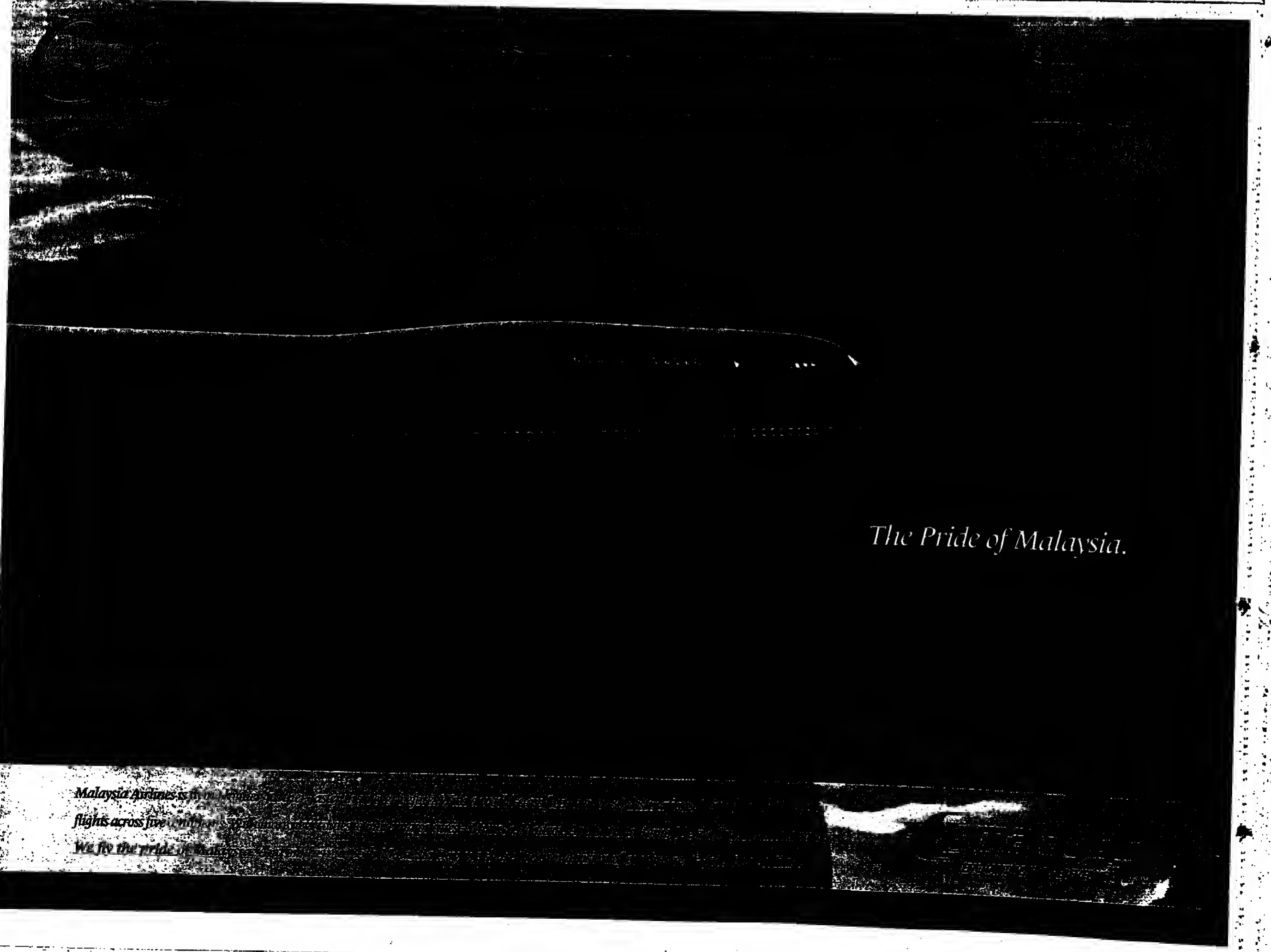
What is the government doing to encourage downstream production of forest resources?

We banned the export of logs from the peninsula in the late 1970s because they were needed for downstream production. Now we are confident enough to discourage the export of sawn timber and veneer in order to channel that wood into even more value-added downstream production. An export ban for Sabah is our next target. But Sarawak does not have enough processing to go fully downstream and therefore they will still be allowed to export logs. As more plywood, furniture and wood molding factories are built in Sarawak, the export of logs will gradually be reduced. In the last four years Malaysia's furniture exports have increased from 70 million ringgit to 420 million ringgit.

Interview by Joseph R. Yogerst



Massive roots buttress huge lowland forest trees. International organizations join in collaborative efforts to improve sustainable forest management.



The Pride of Malaysia.

Malaysia Airlines is the pride of Malaysia. We fly the pride of Malaysia.

مسافرنا من الامم





# MONDAY SPORTS FOOTBALL

## Redskins Make Exhibition of Themselves

The Washington Redskins can only hope that their poor exhibition season portends a spectacular regular season, as it did last year.

The defending Super Bowl champions again were plagued by a sputtering offense and turnovers Saturday night and fell 30-0 to the visiting Minnesota Vikings to complete the exhibition schedule with a 1-3 record.

Minnesota finished the preseason 4-0 under its new coach, Dennis Green, and outscored its opponents by 140-6.

The Vikings converted a Washington interception and fumble into 10 points on their way to a 17-0 halftime lead. They added another touchdown and field goal in the third period to go in front, 27-0, a fourth-period field goal completed the scoring.

Quarterback Rich Gannon, solidifying his hold on the Vikings' starting job, completed 14 of 21 passes for 124 yards and three touchdowns.

But Minnesota's defense pressured quarterback Mark Rypien repeatedly and allowed the Redskins

only four first downs in the first half. Rypien had a horrible game, throwing three interceptions and fumbling once while completing just 13 of 24 passes for 95 yards.

Minnesota scored its first touchdown when Gannon hit Anthony Carter with a 15-yard scoring pass with 5:36 left in the half. The Vikings moved ahead, 17-0, less than two minutes later when Gannon found Joe Johnson — acquired this week in a trade with Washington — for a five-yard touchdown pass.

That score was set up by Viking defensive end Chris Doleman hit Rypien's arm, forcing a fumble tackle that Al Noga recovered at the Washington 17. On that play and numerous others, Doleman beat All-Pro tackle Jim Lachey, one of three Redskins who reported to camp last week after lengthy contract holdouts.

Raiders 30, Oilers 26: In Los Angeles, the Raiders who had not won since Dec. 1, beat Houston on Nick Bell's 2-yard touchdown run with 2:05 left.

The Raiders lost their final three games of the 1991 season, the AFC wild-card game and their first three exhibition games before finally getting into the victory column.

Quarterback Jay Schroeder completed seven of 10 passes for 92 yards and one touchdown without being intercepted while playing the first half.

The Raiders moved 82 yards in 12 plays for the winning TD after Cody Carlson's 12-yard scoring pass to Corey Harris had put the Oilers ahead, 26-23.

Bell rushed for 102 yards on 13 carries and Todd Marinovich, playing the second half, completed 10 of 18 passes for 177 yards with two interceptions.

Steelers 24, Giants 3: In Pittsburgh, Neil O'Donnell made a claim for the starting quarterback job, capping two 11-play drives in the first half with touchdown passes of 2 and 7 yards to Eric Green.

With Jeff Hostetler injured, Phil Simms played the first 3/4 quarters for New York, completing eight of 11 for 124 yards.

Packers 24, Packers 10: In Milwaukee, Hugh Miller hit Marv Cook with two second-quarter touchdown passes as New England finally won an exhibition game.

The Patriots built a 17-10 halftime lead with the aid of several Packers mistakes and then used the second interception of quarterback

Don Majkowski to set up a third-quarter touchdown.

In other NFL news:

The New England Patriots-Miami Dolphins game scheduled for Sept. 6 in Miami has been rescheduled for Oct. 18 because of cleanup efforts in the wake of Hurricane Andrew. Both teams were originally off that weekend.

Ronnie Hubbard, a line-backer for the Denver Broncos, may have suffered a career-ending injury in Friday's preseason game against Phoenix, which the Cardinals won, 21-17.

Halliburton ruptured two vertebrae when he collided with a Phoenix player late in the third quarter after a Denver kickoff.

The Atlanta Falcons, having already lost Pro Bowl cornerback Deion Sanders and safety Brian Branch to baseball, lost two safeties to injuries in the first half of a preseason game Friday against the Buffalo Bills.

Starter Scott Case went out in the first quarter with a broken right thumb, and reserve safety Tracy Eaton left with a sprained right knee in the second quarter. Buffalo won, 27-21.

The Dallas Cowboys will open

the regular season without injured defensive tackle Tooy Casillas, coach Jimmy Johnson said.

The Cowboys could also begin the season Sept. 7 against the Redskins minus their other starting tackle, Russell Maryland.

Casillas, who suffered a sprained right knee in Friday night's 20-13 exhibition loss to the Chicago Bears, could be placed on injured reserve next week. Maryland has been slowed by a dislocated toe.

Kevin Lewis of the San Francisco 49ers sustained a neck injury when he was hit while returning a punt during an exhibition game against Seattle on Friday night.

Lewis was sandwiched among three tacklers and appeared to strike his head hard on the turf when knocked to the ground near the Seattle 40-yard line with 1:39 remaining in the second quarter. The 49ers won, 24-17.

Jay Hilgenberg, who sought to become one of the NFL's highest paid linemen after being selected a seventh-time Pro Bowl player during his 11 season with the Bears, was traded Friday to the Cleveland Browns for a second- to fourth-round draft choice, depending on how well he does this season.



The Vikings' Chris Doleman sacking the Redskins' Mark Rypien.

## N.C. State Upsets Iowa In Opener

EAST RUTHERFORD, N.J. — Terry Jordan, who missed seven games last season with a broken arm, looked very healthy as he led North Carolina State to victory in college football's Kickoff Classic.

The quarterback ran for 71 yards and threw for 160, including a 5-yard touchdown pass to Eddie Gaines with 1:53 left in Saturday night's game that clinched State's 24-14 victory over Iowa, ranked 16th in The Associated Press's preseason poll.

State scored in the opening half on a two-yard run by Gary Downer and a 49-yard dash by Anthony Bepko. Iowa got second-quarter TD passes of 23 and 9 yards from Jim Harbottle to Danna Hughes.

It remained tied until 6:50 was left in the game, when sophomore Steve Veldheid put State ahead, 17-14, on his first college field-goal kick, a 46-yarder. State regained possession on an interception and drove 34 yards for the clincher.

### NFL ROUNDUP

nis Green, and outscored its opponents by 140-6.

The Vikings converted a Washington interception and fumble into 10 points on their way to a 17-0 halftime lead. They added another touchdown and field goal in the third period to go in front, 27-0, a fourth-period field goal completed the scoring.

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But Minnesota's defense pressured quarterback Mark Rypien repeatedly and allowed the Redskins

### SCOREBOARD

Team	Score	Opponent	Score
Caroli.	31-14	Arms.	14-5
Houston	30-0	Oilers	26-0
Pittsburgh	24-10	Giants	3-24
Atlanta	21-17	Falcons	17-21
San Francisco	21-17	Cardinals	17-21
Buffalo	27-21	Cowboys	21-27
Minnesota	30-0	Washington	0-30
Los Angeles	30-0	Houston	0-30
Pittsburgh	24-10	Giants	3-24
Atlanta	21-17	Falcons	17-21
San Francisco	21-17	Cardinals	17-21
Buffalo	27-21	Cowboys	21-27
Minnesota	30-0	Washington	0-30
Los Angeles	30-0	Houston	0-30

### Friday's Line Scores

Team	Score	Opponent	Score
Caroli.	31-14	Arms.	14-5
Houston	30-0	Oilers	26-0
Pittsburgh	24-10	Giants	3-24
Atlanta	21-17	Falcons	17-21
San Francisco	21-17	Cardinals	17-21
Buffalo	27-21	Cowboys	21-27
Minnesota	30-0	Washington	0-30
Los Angeles	30-0	Houston	0-30

### Japanese Baseball

Team	Score	Opponent	Score
Yokohama	5-4	Yomiuri	4-5
Hiroshima	3-2	Hankyu	2-3
Osaka	2-1	Fuji	1-2
Chiba	1-0	Yokohama	0-1
Yokohama	5-4	Yomiuri	4-5
Hiroshima	3-2	Hankyu	2-3
Osaka	2-1	Fuji	1-2
Chiba	1-0	Yokohama	0-1

### National League

Team	Score	Opponent	Score
St. Louis	4-3	Philadelphia	3-4
Pittsburgh	2-1	Cincinnati	1-2
San Francisco	2-1	Los Angeles	1-2
San Diego	2-1	San Francisco	1-2
Los Angeles	2-1	San Diego	1-2

### AMERICAN LEAGUE

Team	Score	Opponent	Score
Chicago	3-2	Philadelphia	2-3
Minnesota	2-1	St. Louis	1-2
Los Angeles	2-1	San Diego	1-2
San Diego	2-1	Los Angeles	1-2

### MAZDA CLASSIC

Driver	Score	Opponent	Score
Michael Schumacher	4-3	Alexander Villeneuve	3-4
Alain Prost	3-2	Nelson Piquet	2-3
Alexander Villeneuve	3-4	Michael Schumacher	4-3
Nelson Piquet	2-3	Alain Prost	3-2

### Belgian Grand Prix

Driver	Score	Opponent	Score
Michael Schumacher	4-3	Alexander Villeneuve	3-4
Alain Prost	3-2	Nelson Piquet	2-3
Alexander Villeneuve	3-4	Michael Schumacher	4-3
Nelson Piquet	2-3	Alain Prost	3-2

### AMERICAN LEAGUE

Team	Score	Opponent	Score
Chicago	3-2	Philadelphia	2-3
Minnesota	2-1	St. Louis	1-2
Los Angeles	2-1	San Diego	1-2
San Diego	2-1	Los Angeles	1-2

### Major League Standings

League	Team	Wins	Losses	Games Behind
National League	St. Louis	57	31	0
	Pittsburgh	52	36	5
	San Francisco	48	40	9
	San Diego	47	41	10
	Los Angeles	45	43	12
	Philadelphia	44	44	13
	Cincinnati	43	45	14
	Los Angeles	42	46	15
	San Francisco	41	47	16
	San Diego	40	48	17
	Pittsburgh	39	49	18
	St. Louis	38	50	19
	Philadelphia	37	51	20
	Cincinnati	36	52	21
	Los Angeles	35	53	22
American League	Chicago	50	34	0
	Minnesota	45	39	5
	Los Angeles	44	40	6
	San Diego	43	41	7
	Philadelphia	42	42	8
	San Francisco	41	43	9
	St. Louis	40	44	10
	Los Angeles	39	45	11
	San Diego	38	46	12
	Philadelphia	37	47	13
	St. Louis	36	48	14
	Los Angeles	35	49	15
	San Diego	34	50	16
	Philadelphia	33	51	17

### AMERICAN LEAGUE

Team	Score	Opponent	Score
Chicago	3-2	Philadelphia	2-3
Minnesota	2-1	St. Louis	1-2
Los Angeles	2-1	San Diego	1-2
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### AMERICAN LEAGUE

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Chicago	3-2	Philadelphia	2-3
Minnesota	2-1	St. Louis	1-2
Los Angeles	2-1	San Diego	1-2
San Diego	2-1	Los Angeles	1-2

### Saturday's Results

Team	Score	Opponent	Score
Los Angeles	30-0	Houston	0-30
Pittsburgh	24-10	Giants	3-24
Atlanta	21-17	Falcons	17-21
San Francisco	21-17	Cardinals	17-21
Buffalo	27-21	Cowboys	21-27
Minnesota	30-0	Washington	0-30
Los Angeles	30-0	Houston	0-30

### DUTCH FIRST DIVISION

Team	Score	Opponent	Score
FC Twente	3-0	FC Groningen	0-3
FC Utrecht	2-1	FC Eindhoven	1-2
FC Vitesse	2-1	FC Den Bosch	1-2
FC Den Bosch	1-2	FC Vitesse	2-1

### ENGLISH PREMIER LEAGUE

Team	Score	Opponent	Score
Manchester City	2-1	Sheff Wed	1-2
Manchester United	2-1	Sheff Wed	1-2
Sheff Wed	1-2	Manchester City	2-1
Sheff Wed	1-2	Manchester United	2-1

### AMERICAN LEAGUE

Team	Score	Opponent	Score
Chicago	3-2	Philadelphia	2-3
Minnesota	2-1	St. Louis	1-2
Los Angeles	2-1	San Diego	1-2
San Diego	2-1	Los Angeles	1-2

### PITTSBURGH

Team	Score	Opponent	Score
Pittsburgh	24-10	Giants	3-24
Atlanta	21-17	Falcons	17-21
San Francisco	21-17	Cardinals	17-21
Buffalo	27-21	Cowboys	21-27

### AMERICAN LEAGUE

Team	Score	Opponent	Score
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### AMERICAN LEAGUE

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San Diego	2-1	Los Angeles	1-2

### TRANSACTIONS

**BASEBALL**  
 American League  
 Oakland—Recalled Eric Foner, outfielder, from Tacoma Pacific Coast League. (Foner was recalled from Tacoma Pacific Coast League.)  
 Toronto—Optioned Joe MacDonnell, pitcher, to Syracuse International League. (MacDonnell was optioned to Syracuse International League.)  
 Cincinnati—Signed Steve Foster, pitcher, to one-year contract. (Foster was signed to one-year contract.)  
 Minnesota—Signed Mike Grollman, infielder, to one-year contract. (Grollman was signed to one-year contract.)  
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# MONDAY SPORTS AUTO RACING



Michael Schumacher, an ecstatic first-time winner, after defeating world champion Nigel Mansell, rear, in the Belgian Grand Prix.

## A Young German, Schumacher, Outlasts Mansell and the Rain

Compiled by Our Staff From Dispatches  
SPA-FRANCOISCHAMPS, Belgium — Michael Schumacher defeated Nigel Mansell in a rain-plagued Belgian Grand Prix on Sunday, the first victory of the 23-year-old German driver's Formula One career.

Mansell has already won the world championship with eight victories this season, and he was running close behind Schumacher when his Williams-Renault car developed problems with seven laps to go.

the lead, but he led Mansell by only 5.7 seconds before the Briton's mechanical problems.

Grand Prix since I am a lot closer to here than at Hockenheim," where the German Grand Prix is run, he said.

### SIDELINES

#### Swedes Defy Wind at English Open

BIRMINGHAM, England (UPI) — Fredrik Lindgren and Per-Ulrik Johansson of Sweden withstood fierce winds Sunday to share the lead of the English Open golf tournament after three rounds.

#### ICC Head: Ball-Doctoring Not New

COLOMBO, Sri Lanka (Reuters) — The chairman of the International Cricket Council, Sir Colin Cowdrey, has said that tampering with balls during matches is not new but that all test-playing countries would have to agree on a solution to stop it.

#### Pacer's 167th Straight Loss a Record

WILKES-BARRE, Pennsylvania (AP) — Trebol Joe, a 9-year-old black pacer, has failed to win for the 167th straight race, breaking the world record for futility that had been held by New Express, who ran in Australia and New Zealand from 1977 to 1984.

#### For the Record

Park Young Kyun of South Korea outpunched Giovanni Nieves of Venezuela for a unanimous decision Sunday in Seoul in the fifth successful defense of his WBA featherweight title.

## Galling, Dizzying, Rewarding: It's the U.S. Open

By Robin Finn  
New York Times Service

NEW YORK — It may look like heaven to Jimmy Connors, but most players describe it as two weeks of living hell, a concrete hellscape of a workplace surrounded by steamy blacktop and screeching subway trains.

Seles has uncharacteristically dropped three straight finals, a plight many trace to her being forced to blint her two-pronged grunt. Courier hasn't won a tournament since he successfully defended his French Open title.

What's encouraging to their rivals is that neither No. 1 has performed this summer with the machine-like efficiency they had demonstrated over the last 18 months.

#### Winning Croatia Tennis, Muster Donates Prize

UMAG, Croatia — Thomas Muster of Austria shook off a second-set loss and beat Franco Davin, 6-1, 4-6, 6-4, on Sunday in the rain-delayed championship of the \$260,000 Croatian Open tennis tournament.

#### Team Director Arrested

The head of the Andrea Moda Formula One team has been arrested on allegations of forgery, an International Auto Sports Federation official confirmed Sunday at Spa-Francochamps, The Associated Press reported.

#### A 3 1st Record-Breaker for Bubka

PADUA, Italy — Sergei Bubka, setting a world pole vault record for the 31st time, leaped 6.12 meters (20 feet, 1 inch) Sunday at a track and field meet here.

## Korda's List of Top 10 Victories Now Has a No. 1

By Peter Bodo  
New York Times Service

COMMACK, New York — Petr Korda has been nipping at the heels of the world's top-ranked players for about a year now, and returning from the chase with nothing more than chipped teeth.

In the second set, each player held serve with relative ease until the 12th game. Edberg led by 40-30, but Korda produced two precise passing shots on the trot to reach match point.

Then he gave credit to his coach, Vladimir Zednick. "Also my coach and I have been working to use my volley more. I have a good volley, but I never used it as much as I should. Now, instead of staying on the back line, I come to the net whenever I have the chance, and I feel very comfortable there."



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# McCoy Tyner Plus 15 on 'Paid Vacation'

By Mike Zwerin  
International Herald Tribune

PARIS — Now that electricity can make little bands sound big, leading a big band would seem to make little sense, particularly for a pianist who sounds orchestral all alone.

McCoy Tyner's full-bodied, ecstatic, percussive style matured during his years in support of John Coltrane. One of the most unmistakable stylists of the past 25 years, his fast-moving melodies and muscular chords were incorporated into the general repertoire. But a chord is lost if it only exists in your memory, and a repertoire only played in your basement is a frustration.

"Haven't we been lucky?" the director David Lean once told his friend John Boorman. "They let us make movies." Boorman said: "They tried to stop us." Lean replied: "Yes, but we fooled them."

Musicians consider themselves lucky if they can fool "them" into being allowed to play jazz. Energetic young hopefuls send faxes hustling \$50 gigs. Strapped for safety's sake in commercial chairs well under the speed limit, many look for fast free trips where seat belts are not required in order to keep their self-respect. It can take heroic motivation and contortist metaphysics. As a poet once said, life isn't everything.

And so it came to pass that McCoy Tyner passed through Paris with 15 fortunate sidemen last month on what he called a "paid vacation." Sacrificing income, Tyner knows luck when he sees it. "The nice thing is I didn't have to ask these guys to be in my band," he said, a hearty laugh matching his robust frame. "They sort of appointed me." "We want to be in your band. I didn't know what to do. I didn't even have a band."

He seems to be standing straight even when sitting down: "These guys grew up with my music. I'm very fortunate. They're familiar with my style. They sort of have me in common. They're hungry for good music and they want me to lead them. I don't have to worry about getting their attention. I don't even have to say 'Hey!' They're listening already." He can look you in the eye through a pair of dark glasses.

The first McCoy Tyner big band performed in 1984 and though there has been enough work since to call the organization a growing concern, it must also be recognized as a long-term investment. In the short run, it makes no sense adding 12 people to a payroll of an organization already in the black. His trio has all the work it can handle. Why look for complications? Volume does not automatically increase profit. Big is not necessarily beautiful. Leading a big band is like directing a movie. Irresistible. Impossible. Not for everybody. Luck. Also like movies, casting is a major



"I didn't have to ask these guys to be in my band. . . . They sort of appointed me."

problem. You want people who won't miss buses, play out of tune, complain about not enough solos. Personality is as important as musicianship. It's as much about who you find yourself eating breakfast with as how well they play.

Learning how to handle all of this, Tyner has often asked himself why not stay with his next trio. With dextrous Avery Sharpe on bass and subtly driving drummer Aaron Scott, two plus one, they equal a tight ideally streamlined number for improvised music.

But the disciplined explosions driven by percussionist Jerry Gonzalez between and behind freewheeling blowing by people like the trombonist Frank Lacy, Howard Johnson on tuba and the tenor saxophon-

ists John Subblefield and Junior Cook add up to a more ambitious and demanding dimension. Tyner has been asking himself some hard questions about his creativity quotient. Sitting alone writing notes takes some getting used to. As does double-digit leadership.

Woody Herman, who died poor and is perhaps not a good illustration of "luck," and Maynard Ferguson, who knows how to lay back, take it easy and let it happen, were born to be leaders of legions. Tyner talked to both of them. They told him what they knew about leading big bands. It was what they always wanted to do and they did it well. Tyner is still not so sure about himself.

Although he sometimes feels crushed under the weight of all there is to learn about writing for and directing full sections of brass and reeds, the acoustic power of all those horns playing his notes has gotten in his blood. And the learning process itself is rejuvenating: "If I want to keep their respect, I have an obligation to learn. At the end of the semester, I want better than just passing grades."

He was born in Philadelphia in 1938. Both his parents were in the cosmetics business. They encouraged him to play piano and by the age of 15 he was working with rhythm and blues bands in local clubs. He was 17 when he met John Coltrane, also a Philadelphian, who came home between stints with Miles Davis.

Trane was thinking of forming his own band and he soon made it known that when and if it happened, McCoy Tyner would be his piano player. It was 1959, Tyner was working as a shipping clerk in a factory; he had never had a full-time job. A year later, the remarkable bubbling chemistry with Elvin Jones on drums that would become the trademark of a generation was evident on Coltrane's classic recording "My Favorite Things."

There were lean years after Trane's death. It took Tyner time to establish himself as a leader of combos. After his album "Sahara" received two Grammy nominations, he was on his way. Still, despite subsequent increasing success, leading a big band is more challenging than he imagined. He tries to convince himself it's a part-time affair, which it is for the moment. The overhead sees to that. The income from his trio pays for these periodic "paid vacation" tours.

He discusses long- and short-term profits with businessmen on airplanes. From being turned off by the business end, he has come to the conclusion that a lot of what's wrong about America is that "we throw things out the window if they won't make a profit this month. The Japanese look ahead. This is one reason for their success. I came to the conclusion that a big band is a good to the condition that it makes your reputation now, but for my future as well. It makes sense to play back profits if you see a return year ahead." Tyner knows he is indeed lucky to be allowed to have the choice. He admires an Indian surgeon in New York who gave up his practice to play music. Music can be a sort of fountain of youth if treated with respect. Certain sacrifices come with the territory. Talking about his musicians, he says: "These guys play Broadway shows, commercials — good-paying work. But they'll send in subs for those jobs in order to play with this band. They're like me. It's something we need to be able to afford. They're going to do more of it, that's for sure. There may be a tour of Japan next year. Big bands are an important part of our tradition. The sound is out there."

# Tasty Tropes and Portmanteologisms

By Jeffrey McQuain

WASHINGTON — Tasty tropes are sugarcating the language. Not only are sweeteners added to financial deals, but *Twinkie defenses* are being used by lawyers who contend that their clients' judgment had been impaired by eating high-sugar food. In computerese, a *cookie* is "an identifying mark or 'claim check' given to somebody who shares a computer program." A *magic cookie*, says Eric S. Raymond in the New Hacker's Dictionary, is a pass that allows the computer user to move from one routine or program to another, and *fortune cookie* is a joke or saying shared on computer screens, similar to a printed message inside the Chinese after-dinner treat.

*Muzak*, it seems, is being replaced with *ear candy* — the easy-on-the-ears sounds of synthesizers. The term is based on *noise candy*, a 1935 reference to cocaine, and probably influenced by the *bubble-gum music* of the late 1960s, frothy rock favored by prepubescent fans.

How do you refer to somebody you know only from phone conversations? Try *electric slaugher*, named for the old-fashioned round telephone mouthpiece. Thus, in Tom Wolfe's 1987 novel "The Bonfire of the Vanities," an investment expert says of a frequent phone contact: "I don't even know his last name, and I've overheard him, and I probably never will. He's an *electric slaugher*."

High-society types, being fiendishly weight-conscious, usually eschew sweets. So what is a *Lemon Tami* doing among them? Tom Wolfe's novel explains: "These were women in their 20s or early 30s, mostly blondes (the Lemon in the Tart), who were the second, third and fourth wives or live-in girlfriends of men over 40 or 50 or 60 (or 70), the sort of women men refer to, quite without thinking, as *girls*."

Robert L. Chapman, the slaugher who prepared the new edition of *Rogers' International Thesaurus*, sifted through floury phrases to add *jellyroll*, a farming term for the big round bales found in hayfields, and *do domus*, a variant spelling that refers to driving in tight circles, a sport popular among young car thieves. A trendy wording is *flavor-of-the-month*, which means "temporarily popular or in vogue" and comes

from short-term specials at ice-cream parlors. In a 1981 report in *The Economist*, the actor Peter Sellers was said to have "experimented with faiths and fortune-tellers on a *flavor-of-the-month* basis."

Why are so many metaphors based on desserts? Chapman suggests that "Food, sex and money have always been semantically conjoined." (Remember the movie "Tom Jones"?) Perhaps we are now in a food phase of the cycle, self-fed — fed up — with sex and money. In a diet-conscious society, these terms fill our need to talk about what we shouldn't eat.

Giving up a steady diet of these metaphors, though, may not be a piece of cake.

Sister Souljah, the controversial rap performer, condenses her dual role of rapper and activist into *rappivist*, a deft double play on *rap* and *activist*. In June, questioned by TV Guide interviewers about the interplay of polling and democracy, Ross Perot, then a presidential contender, asked: "What do you call that — *pollocracy*?"

Slanguists and other lepers have been kept busy tracking a growing trend in blends. David K. Barnhart, who edits the quarterly *Barnhart Dictionary of Compounds*, says: "Blends are a colorful, interesting category but not particularly productive one until recently. Their numbers in the past have been low, and studies suggest that many blends are infrequent in use or even a single writer's fixation."

Lewis Carroll was one writer fixated by blends, which he called portmanteau words, after the two-part traveling bag. Perhaps his best invention was *chortle*, a fusing of *chuckle* and *snort*. "You see," Humpty Dumpty tells a wondering Alice about this type of term, "it's like a portmanteau — there are two meanings packed up into one word." James Joyce, another writer obsessed with combining words, sprinkled his 1939 novel "Finnegans Wake" with no end of blends. For example, he formed *wickedday* from *wicked* and *weekday*. From *Beneath to Bosnywash* (the Boston, New York, Washington corridor), portmanteau words of result result from the mixing of parts of two or more words. The mixing is generally being done in one of

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